

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 23, 2016
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 of Manila
Postal Code
1012
8. Issuer's telephone number, including area code
+(63 2) 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 shares outstanding	2,034,708,516

11. Indicate the item numbers reported herein
9

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



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
2016 Annual Stockholders' Meeting of International Container Terminal Services, Inc. (ICTSI)
Background/Description of the Disclosure
<p>In a meeting of the Board of Directors of International Container Terminal Services Inc. (ICTSI) held today, February 23, 2016, the Board approved the resolutions on the following matters:</p> <ol style="list-style-type: none"> 1. Setting the Annual Stockholders' Meeting of International Container Terminal Services, Inc. (ICTSI) on Thursday, April 21, 2016 at 10:00am at the Solaire Ballrooms 2 to 5 of the Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Parañaque City, Manila and fixing of record date to March 18, 2016 for stockholders entitled to notice and to vote 2. Approval of the Agenda for the 2016 Annual Stockholders Meeting

Type of Meeting

Annual

Special

Date of Approval by Board of Directors	Feb 23, 2016
Date of Stockholders' Meeting	Apr 21, 2016
Time	10:00am
Venue	Solaire Ballrooms 2 to 5 of the Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Parañaque City, Manila
Record Date	Mar 18, 2016
	<ol style="list-style-type: none"> 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 16 April 2015. Said

Agenda	<p>minutes record the proceedings at the last stockholders' meeting prior to this meeting.</p> <p>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.</p> <p>5. Approval of the Chairman's Report and the 2015 Audited Financial Statements. Having heard the report, the shareholders are asked to approve the Chairman's Report and the Audited Financial Statements.</p> <p>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.</p> <p>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.</p> <p>8. Appointment of External Auditors. The appointment of the external auditor named in Item 7 of the Information Statement is being sought.</p> <p>9. Other matters. Any other matter which may be brought to the attention of the stockholders may be raised.</p> <p>10. Adjournment. This is done to officially end the meeting.</p>
---------------	---

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End Date	N/A

Other Relevant Information
<p>The dividend policy of the corporation is described in the section entitled "Dividends and Dividend Policy" in Item 15 of the Information Statement.</p> <p>The Board of Directors fixed March 18, 2016 as the record date for the purpose of determining the Stockholders entitled to notice and to vote.</p> <p>Registration starts at 9:00 a.m. Please bring your identification documents (e.g. SSS, driver's license, passport) to facilitate registration.</p> <p>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 8, 2016.</p> <p>Proxy validation will be held at the Harbour Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on April 14, 2016 at 10:00 a.m.</p> <p>[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)].</p>

Filed on behalf by:

Name	Arthur Tabuena
Designation	Treasury Director and Head of Investor Relations

ICTSI 2016 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 Asean Avenue, Entertainment City, Parañaque City, Manila at 10:00 a.m. on Thursday, 21 April 2016, 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 16 April 2015. 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 2015 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 raised.
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 18 March 2016 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 I" 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 **8 April 2016**.

Proxy validation will be held at the Harbour Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on **14 April 2016 at 10:00 a.m.**

Manila, 23 February 2016.

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 21, 2016 in Solaire Ballrooms 2 to 5 of the Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Paranaque City, 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 will be mailed to Stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting on or about March 30, 2016.

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, 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 December 31, 2015, common shares issued and outstanding were 2,045,177,671 shares (including 10,469,155 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.

<u>Voting/Non Voting Shares</u>	<u>Type of Securities</u>	<u>No. of Foreign Owned shares</u>	<u>No. of Local Owned shares</u>	<u>No. of Outstanding shares</u>
Voting shares	Common shares	916,986,328	1,117,722,188	2,034,708,516
Voting shares	Preferred B shares	-	700,000,000	700,000,000
Total Outstanding Voting shares		916,986,328	1,817,722,188	2,734,708,516
Foreign Ownership Level of Total Outstanding Voting shares		33.53%		
Non Voting shares	Preferred A shares	3,800,000		
Foreign Ownership Level of Total Outstanding Voting and Non- Voting shares		33.62%		

Only Stockholders of record at the close of business on March 18, 2016 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 December 31, 2015:

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	Deutsche Bank Manila - Clients' Acct. - 26/F Ayala Tower One Ayala Triangle, Makati City 1200 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	346,590,202 (Lodged with PCD) Indirect	12.66%
Common	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg., Ayala Avenue, Makati City 1200	The Hongkong & Shanghai Banking Corp. Ltd. - Clients' Acct. - 7/F HSBC Centre 3058 Fifth Avenue West Bonifacio Global City Taguig 1634 Represented by Maris Flores, Senior Vice President, 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	318,735,863 (Lodged with PCD) Indirect	11.64%
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	220,685,000 (Lodged with PCD) Indirect	8.06%
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	25.56%

* Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,738,508,516 (which excludes treasury shares) as of December 31, 2015

Security Ownership of Management

As of December 31, 2015, the aggregate beneficial ownership of all Directors and executive officers totals to 1,696,336,098 shares, equivalent to 61.94 percent

Title of Class	Name	Number of shares and nature of beneficial ownership	Citizenship	Percentage ¹
Common & Preferred B	Enrique K. Razon, Jr. ²	1,678,105,057 Direct and indirect	Filipino	61.28% ³
Common	Andres Soriano III	9,150,481 Direct and indirect	American	0.33%
Common	Stephen A. Paradies	4,087,573 Direct	Filipino	0.15%
Common	Jose C. Ibazeta	3,008,560 Direct	Filipino	0.11%
Common	Silverio Benny J. Tan	426,700 Direct and indirect	Filipino	0.02%
Common	Jose Manuel M. De Jesus	379,350 Direct	Filipino	0.01%
Common	Octavio Victor R. Espiritu	300,000 Direct	Filipino	0.01%
Common	Fernando L. Gaspar	255,960 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	Filipino	0.00%
Common	Earl Eric Nestor H. Ferrer	77,640 Direct	Filipino	0.00%
Common	Jose Joel M. Sebastian	60,000 Direct	Filipino	0.00%
Common	Guillaume Lucci	21212 Direct	French/American	0.00%
Common	Christian R. Gonzalez	2,850 Direct	Filipino	0.00%
Common	Martin L. O'Neil	2,790 Direct	American	0.00%
Common	Rafael T. Durian	1,000 Direct	Filipino	0.00%
-	Rafael Jose D. Consing, Jr.	-	Filipino	0.00%
-	Sandy Alipio	-	Filipino	0.00%
-	Lisa Marie Teresa Escaler	-	American	0.00%
-	Ton Van den Bosch	-	Dutch	0.00%
-	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 2,738,508,516 (which excludes treasury shares) as of December 31, 2015.

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 61.36% if based on the total number of issued and outstanding common shares and preferred B voting shares of 2,734,708,516 (which excludes treasury shares and preferred A non-voting shares) as of December 31, 2015.

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 2015 are as follows:

Directors	January 1, 2015	December 31, 2015
Enrique K. Razon, Jr.*	1,678,105,057	1,678,105,057
Andres Soriano III	150,050	9,150,481
Stephen A. Paradies	4,087,573	4,087,573
Jose C. Ibazeta	3,058,560	3,008,560
Octavio Victor R. Espiritu	300,000	300,000
Joseph R. Higdon	141,000	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 December 31, 2015 are:

Office	Name	Citizenship	Age
Chairman of the Board and President	Enrique K. Razon, Jr.	Filipino	55
Director	Jon Ramon Aboitiz	Filipino	67
Director	Octavio Victor R. Espiritu*	Filipino	72
Director	Joseph R. Higdon*	American	74
Director	Jose C. Ibazeta	Filipino	73
Director	Stephen A. Paradies	Filipino	62
Director	Andres Soriano III	American	64
Executive Vice President	Martin L. O'Neil**	American / Irish	55
Senior Vice President and Chief Financial Officer	Rafael D. Consing, Jr.***	Filipino	47
Senior Vice President, Finance	Jose Joel M. Sebastian**	Filipino	52
Corporate Secretary	Rafael T. Durian	Filipino	82
Asst. Corporate Secretary	Benjamin M. Gorospe III	Filipino	48
Asst. Corporate Secretary	Silverio Benny J. Tan	Filipino	59

*Independent Director

**Promoted last October 5, 2015

***Promoted last October 5, 2015 and appointed as Compliance Officer last February 9, 2016

The following are the regional heads and global corporate officers for the ICTSI group of companies as of December 31, 2015:

Office	Name	Citizenship	Age
Senior Vice President and Chief Administration Officer	Fernando L. Gaspar	Filipino	64
Senior Vice President, Regional Head-Asia Pacific & MICT	Christian R. Gonzalez*	Filipino	40

Vice President, Audit and Compliance	Sandy A. Alipio	Filipino	45
Vice President, Regional Head of Business Development-Asia Pacific	Jose Manuel M. de Jesus	Filipino	51
Vice President and Head of Human Resources	Lisa Marie Teresa Escaler	American	45
Vice President, Information Technology	Earl Eric Nestor H. Ferrer	Filipino	47
Vice President, Engineering	Guillaume Lucci	French/ American	39
Vice President, Corporate Affairs & Governance and Compliance Officer	Ton van den Bosch	Dutch	41
Vice President and Senior Administration Officer	Vivien F. Miñana	Filipino	51

**Promoted last November 9, 2015*

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

Directors

Enrique K. Razon, Jr., age 55, 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 CEO and the Chairman of Bloomberry Resorts and Hotels, Inc.; the Chairman of Sureste Realty Corp., Monte Oro Resources and Energy, Inc. and Pilipinas Golf Tournament Inc.; a Director B of ICTSI Capital B.V.; and a Director of Sureste Properties, Inc., ICTSI (Hongkong) Ltd., Australian Container Terminals Ltd., Pentland International Holdings Ltd., CLSA Exchange Capital, Xcell Property Ventures, Inc. and Asian Tour.

Mr. Razon is a member of the American Management Association, the Management Association of the Philippines, the US Philippines Society, the ASEAN Business Club, Philippines, Inc. and the World Economic Forum.

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 Aboitiz, age 67, 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.

Mr. Aboitiz is also the Chairman of Aboitiz & Co., Inc., and Aboitiz Equity Ventures, Inc.*, an 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. He became President of Aboitiz & Company in 1991 until 2008. He was President and CEO of Aboitiz Equity Ventures from 1993-2008.

Presently, he holds various positions in the Aboitiz Group including Vice Chairman of ABOITIZ POWER CORP*, Vice Chairman of Union Bank of the Philippines* and Chairman of the Bank's Committees namely Executive Committee; Risk Management Committee; Vice Chairman Compensation and Remuneration Committee. Mr. Aboitiz is a Director of ICTSI* and is a member of its Audit Committee. He is also a Director of Bloomberry Resorts Corporation* and is Chairman of its Audit Committee. He is Vice President and trustee for the Ramon Aboitiz Foundation, a trustee and a member of the Executive Committee of the Philippine Business for Social Progress and a member of the Board of Advisors of the Coca-Cola Export Corporation (Philippines).

Mr. Aboitiz began his career with the Aboitiz Group in 1970 right after graduating from the Sta. Clara University, California, with a degree of B.S. Commerce major in Management.

**Publicly-listed Corporation*

Octavio Victor R. Espiritu, age 72, Filipino

Mr. Espiritu has been an independent Director of ICTSI* since *April 2002* and has served as the Chairman of the Audit Committee and a member of the Nomination Committee of ICTSI since February 2011 and also Chairman of 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, Phil Stratbase Consultancy Inc.

Mr. Espiritu was a three (3)-term former President of the Bankers Association of the Philippines, a former President and 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 Ateneo de Manila University where he obtained his AB Economics degree in 1963. In 1966, at the age of 22, he received his Master's Degree in Economics from Georgetown University in Washington DC, USA.

**Publicly-listed Corporation*

Joseph R. Higdon, age 74, American

Mr. Higdon has been an independent Director of ICTSI* since *April 2007*. 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 73, Filipino

Mr. Ibazeta has been a Director of ICTSI* since *December 1987*. In 2009, he was named a Trustee and the Vice-President of ICTSI Foundation, Inc. He was a member of ICTSI's Audit Committee until April 2010 and a member of ICTSI's 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 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 reinstated as a Director of ICTSI in August 2010.

Mr. Ibazeta is a Consultant to the Chairman and a Director of A. Soriano Corp. He is likewise a Director of , A. Soriano Corp.*, Anscor Consolidated Corp., Anscor Property Holdings, Inc., Island Aviation, 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 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 a member of the Finance Committee of the Ateneo de Manila University and the Board of Trustees of Radio Veritas.

Mr. Ibazeta received his Bachelor of Science degree, major in Economics, from the Ateneo de Manila University in 1963, his Master's Degree in Business Administration from University of San Francisco in 1968 and his MBA in Banking and Finance from New York University in 1975.

**Publicly-listed Corporation*

Stephen A. Paradies, age 62, 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 is currently a member of ICTSI's Audit Committee and Stock Incentive Committee. He is also a Director of ICTSI Warehousing, Inc. Moreover, Mr. Paradies is the Senior Vice President/ Finance , Treasurer and Board Adviser of Aboitiz & Co., Inc. and Chairman/CEO of Hydro-Electric Development Corporation; a Director of Aboitiz Construction Group, Inc., Metaphil International, Inc., Prism Energy, Inc., Union Properties Inc. and Unionbank of the Philippines *.

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

**Publicly-listed Corporation*

Andres Soriano III, age 64, American

Mr. Soriano has been a Director of ICTSI since *July 1992* and is currently the Chairman of ICTSI's Compensation Committee. He is also the Chairman and Chief Executive Officer 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 , Cirrus Medical Staffing, Inc., Anscor Property Holdings, Inc., A. Soriano Air Corporation and the Manila Peninsula Hotel, Inc.

Mr. Soriano was formerly the President and Chief Operating Officer 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, with a 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 55, American / Irish

Martin O'Neil is the Executive Vice President of International Container Terminal Services, Inc.. He was appointed to the said position on October 2015. He has served as Senior Vice-President and the Chief Financial Officer of ICTSI from 2006 to 2010, and then again from July 2013 up to October 2015. He is currently the Chairman of International Container Terminal Holdings, Inc. and ICTSI Ltd.; a Director of Tecon Suape S.A., ICTSI Georgia Corp., Sociedad Puerto Industrial del Aguadulce, ICTSI (Hong Kong) Limited, and Victoria International Container Terminal Ltd.

From 2001 to 2003, Mr. O'Neil was a founding Member and the Head of the London office of Telegraph Hill Communications Partners, a San Francisco based firm whose principal business was advising a small member of financial institutions on private equity investments and management of private equity portfolio companies. He was also a Managing Director of JP Morgan & Co. where, over a seventeen (17)-year period, he was active in a wide range of investment banking activities, including project finance, capital markets and mergers and acquisitions in New York, Hong Kong, and London. He was a Director of JP Morgan Capital Corporation, JP Morgan's private equity investment arm, for seven (7) years and it was during this time that he invested in and served as a Director of ICTSI International Holdings Corp. (IIHC). IIHC assembled a portfolio of eight (8) international ports in Mexico, Argentina, Saudi Arabia, Pakistan and Tanzania, before being sold to Hutchison Ports Holdings for a substantial profit in mid-2001. 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 B.A. 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.

Rafael D. Consing, Jr., age 47, Filipino

Mr. Rafael D. Consing Jr. is the Senior Vice President and Chief Financial Officer of International Container Terminal Services, Inc. He was appointed to the said position on October 5, 2015. He is also the Compliance Officer effective February 9, 2016. Prior to such role, he was the Vice President and Treasurer of ICTSI. Concurrently, he is the Deputy Chairman of ICTSI Ltd., Director B of ICTSI Capital B.V. and a member of the Board of Directors of the following ICTSI subsidiaries: DIPSSCOR, HIPS, MICTSI, SBITC, SBITHI, ICTSI Subic Inc., CPHI, IW Cargo Handlers, Inc., ICTSI Warehousing, Inc., Laguna Gateway Inland Container Terminal, Inc., PICT, ICTSI Africa (Pty) Ltd., Tecplata S.A., CMSA, Terminal Maritima De Tuxpan, S.A. de C.V. , SPIA, Global Procurement Ltd., ICTSI Honduras Ltd., Aeolina Investments Limited, Crixus Limited, International Container Terminal Holdings, Inc., ICTSI Georgia Corp. , ICTSI QFC LLC, ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI South Asia Pte. Ltd. and ICTSI Far East Pte. Ltd. He is the Chairman of CGSA Transportadora S.L. and SPIA Spain S.L. He is the Director A of Royal Capital B.V, ICON Logistiek B.V., ICTSI Americas B.V., ICTSI Cameroon B.V., Tecplata B.V., Global Container B.V., Contecon Guayaquil S.A. (CGSA B.V.), SPIA Colombia B.V., Contecon Manzanillo SA de C.V. (CMSA B.V.), Tecon Suape S.A. B.V. (TSSA B.V.), ICTSI Treasury B.V., ICTSI Cooperatief U.A., ICTSI Oceania B.V., ICTSI Tuxpan B.V., and ICTSI Global Finance B.V. Mr. Consing is also 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, starting as the Director and the Head of Debt Capital Markets for the Philippines, and subsequently for South East Asia. His last position in HSBC was the Managing Director and the Head of the Financing Solutions Group, Asia Pacific. In these various roles, Mr. Consing became involved in a number of highly 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 an A.B. degree from De La Salle University, Manila, in 1989.

Jose Joel M. Sebastian, age 51, 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 the President of ICTSI Ltd.; 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.; a Director A of Royal Capital B.V., Icon Logistiek B.V., Global Container B.V., CGSA B.V., SPIA Colombia B.V., CMSA B.V., TSSA B.V., ICTSI Cooperatief U.A., ICTSI Oceania B.V., ICTSI Tuxpan B.V., ICTSI Global Finance B.V., ICTSI Cameroon B.V., ICTSI Treasury B.V., Tecplata B.V., ICTSI Africa B.V., ICTSI Americas B.V.; Deputy Chairman of CGSA Transportadora S.L. and Spia Spain S.L. and a Director of Cordilla Properties Holdings, Inc., ICTSI Asia Pacific Business Services, Inc., ICTSI Ltd., International Container Terminal Holdings, Inc., Madagascar International Container Terminal Services, Ltd., Tartous International Container Terminal, JSC., International Container Terminal Services (India) Private Limited, ICTSI Africa (Pty) Ltd., ICTSI DR Congo S.A., ICTSI Jasa Prima, ICTSI Honduras Ltd., Global Procurement Ltd., Lekki International Container Terminal Services Lftz Enterprise, Tecon Suape S.A. (TSSA), Aeolina Investments Limited, Crixus Limited, ICTSI Georgia Corp., ICTSI (M.E.) DMCC, ICTSI Middle East DMCC, ICTSI South Asia Pte. Ltd., ICTSI Project Delivery Services Co. Pte. Ltd. and Operadora Portuaria Centroamericana S.A. de C.V.

Mr. Sebastian started his professional career with SGV & Co. in 1984. He became partner and was admitted to the partnership in 1999. His expertise includes 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.

Regional Heads and Global Corporate Officers for the ICTSI group of companies

Fernando L. Gaspar, age 64, Filipino

ICTSI appointed Fernando L. Gaspar as the Senior Vice President and Chief Administrative Officer in April 2008. Concurrently, Mr. Gaspar is the Chairman of the Supervisory Board of Adriatic Gate Container Terminal and the Board of ICTSI DR Congo; and a Director of IW Cargo Handlers, Inc., ICTSI Warehousing, Inc., Baltic Container Terminal Ltd., Batumi International Container Terminal LLC. ICTSI Oregon, Inc., Contecon Guayaquil S.A., ICTSI Africa (Pty) Ltd. Yantai International Container Terminal Limited (YICTL) and Lekki International Container Terminal Services LFTZ Enterprise.

Prior to joining ICTSI, Mr. Gaspar was the Managing Director and Asia Practice Head of Alvarez & Marsal, an international financial advisory and restructuring firm, where he served as the Chief Restructuring Officer and the interim CEO of several medium and large enterprises across a wide range of industries in Asia, USA and Europe. Before working for Alvarez & Marsal, Mr. Gaspar was the CEO of Kuok Group of Companies (Philippines) where he managed three (3) Shangri-la Hotels and Resorts and restructured Kuok's real estate holdings. He also held several senior management positions in San Miguel Corporation, which included a stint as the CEO of San Miguel Brewery Hong Kong.

Mr. Gaspar is a graduate of De La Salle University in Manila.

Christian R. Gonzalez, age 40, Filipino

Mr. Christian R. Gonzalez is the Senior Vice President, Regional Head-Asia Pacific and MICT of International Container Terminal Services, Inc. He was appointed to the said position on November 9, 2015. Prior to such role, he was the Director General and Chief Executive Officer of Madagascar International Container Terminal Services Ltd. (MICTSL), a wholly owned subsidiary of ICTSI, which operates the port in Toamasina, Madagascar, and thereafter appointed as the Vice President and Head of Asia Pacific Region & Manila International Container Terminal (MICT).

From 1997 when he first joined the ICTSI Group, he worked in various Operations departments before being appointed Assistant Manager for Special Projects of ICTSI Ltd., ICTSI's foreign projects subsidiary. He was named MICT Operations Manager in 2003. In 2006, he was designated Chief Operating Officer and later Chief Executive Officer of MICTSL. In 2009, Mr. Gonzalez was appointed Treasurer of the Board of Trustees of ICTSI Foundation, Inc. In 2010, he was designated 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 is currently the President of ICTSI Subic, Inc., Subic Bay International Terminal Holdings, Inc. (SBITHI) and IW Cargo Handlers, Inc; President Commissioner of PT ICTSI Jasa Prima Tbk.; Commissioner of PT Makassar Terminal Services (PT MTS); and also a Director of Bauan International Port, Inc., Subic Bay International Terminal Corp. (SBITC), Laguna Gateway Inland Container Terminal, Inc., South Cotabato Integrated Ports Services, Inc. (SCIPSI), Abbotsford Holdings, Inc. (AHI), ICTSI Asia Pacific Business Services, Inc., Davao Integrated Port & Stevedoring Services Corp. (DIPSSCOR), Mindanao International Container Terminal Services, Inc. (MICTSI), ICTSI (India) Private Ltd., Yantai International Container Terminal Ltd. (YICTL), Hijo International Port Services, Inc. (HIPS), Victoria International Container Terminal Limited (VICTL), ICTSI Far East PTE. Ltd., ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI South Asia Pte. Ltd., Bloomberry Resorts Corporation, Sureste Properties, Inc., Contecon Guayaquil S.A. (CGSA) and Prime Metroline Transit Corporation.

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*

Sandy Alipio, age 45, 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.

Jose Manuel De Jesus, age 51, Filipino

Mr. Jose Manuel Mantecon De Jesus is the Vice-President for Business Development – Asia of International Container Terminal Services, Inc. He was appointed to the said position in September 2008. Concurrently, he is Director of the following ICTSI subsidiaries: DIPSSCOR, ICTSI Subic Inc., MICTSI, SBITC, SCIPSI, Laguna Gateway Inland Container Terminal, Inc., Bauan International Ports, Inc., South Cotabato Integrated Ports Services, Inc., ICTSI (India) Private Ltd., PT ICTSI Jasa Prima Tbk, HIPS, AHI, SBITHI, Cordilla Properties Holdings, Inc., IW Cargo Handlers, Inc., Subic Bay International Terminal Holdings, Inc., NMCTS, PICT, ICTSI Far East Pte. Ltd., and AICTL.

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 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 De La Salle University in Manila.

Lisa Marie Teresa Escaler, age 45, American

Ms. Escaler is the Vice President and Head of Global Corporate Human Resources (HR) of ICTSI. Ms. Escaler joined ICTSI in February 2014.

Ms. Escaler has held a range of leadership positions throughout her twenty five (25) years of professional human resources experience and has worked across multiple industries and geographies. She most recently served as the Regional Head of HR-Asia Pacific of Deckers Outdoor Corporation, a major lifestyle brand based in Santa Barbara, California. While at Deckers, Ms. Escaler served as a member of the Regional Executive Management Committee. Previously, she was a Managing Director of Citibank, N.A. and was based in New York, Hong Kong and the Philippines. Her client groups included Global Transaction Services, Commercial Banking and several mid-office groups.

Ms. Escaler was an integral part of the deal team that was responsible for the successful acquisition of Lava Trading Inc. by Citigroup. Under her guidance, Lava Trading, Inc. was named Fortune Magazine's "2004 Cool Company" and ranked number sixteen (16) among the Best Small Companies to work for in America by the Great Place to Work Institute.

Ms. Escaler earned an Executive MBA from Kellogg School of Management, Northwestern University and the Hong Kong University of Science & Technology.

Earl Nestor H. Ferrer, age 47, Filipino

ICTSI appointed Earl Eric Nestor Ferrer as the Vice President for Global Information Technology (IT) in 2008.

Prior to joining ICTSI, Mr. Ferrer was a Senior Management Team Member handling various concurrent positions such as the Channel Manager and Relationship Manager in addition to his main role as the National IT Manager of DHL Express Phils. Corp. He was also a Director for IT of SGV & Co., the Assistant Vice President for IT and Operations of Anglo Asian Strategic Management Inc., a Senior Manager for IT of Rockwell Land Corp. and the Senior Consultant of James Martin & Co.

Mr. Ferrer, a De La Salle University graduate, holds a degree in Computer Science major in IT.

Guillaume Lucci, 39, French/American

Mr. Lucci is the Vice President for Global Engineering of ICTSI. He is a Director of Victoria International Container Terminal Limited. Prior to joining ICTSI, Mr. Lucci served as the Infrastructure Commercial Director for CH2M HILL in Latin America and as a Director and Board Member of CH2M HILL do Brasil and Halcrow Panama S.A (Halcrow). He also previously served as Halcrow's Regional Director for the Maritime Business Group in Latin America. Before joining Halcrow, Mr. Lucci served as the Principal Vice President and Director of River Consulting's Maritime Division, a wholly owned 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.

Ton van den Bosch, age 41, Dutch

Mr. van den Bosch is the Vice President for Corporate Affairs and Governance and concurrently the General Counsel of ICTSI Ltd. He is ICTSI's Compliance Officer from March 2014 to February 9, 2016. He is also a Director of ICTSI South Asia Pte. Ltd., ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI QFC LLC, Victoria International Container Terminal Limited, ICTSI Ltd., ICTSI Georgia Corp., International Container Terminal Holdings, Inc. and ICTSI Honduras Ltd. Before joining ICTSI, Mr. van den Bosch worked in private practice with Allen & Overy LLP in Asia, Europe and USA. Prior to this, he was the general counsel at Bluewater (a Netherlands-based company active in the oil and gas industry) for five years. Mr. van den Bosch

graduated from Leiden University in the Netherlands with masters in civil law and business law. Mr. van den Bosch was admitted to the bar as a Dutch lawyer and as a solicitor to the Supreme Court of England and Wales.

Vivien F. Miñana, age 51, Filipino

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

Prior to joining ICTSI, Ms. Miñana was the Assistant Manager – Investment Banking in AB Capital and Investment Corporation from 1990-1993.

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 De La Salle University, Manila.

Rafael T. Durian, age 82, Filipino

Atty. Durian has been ICTSI’s Corporate Secretary since 1987. He is likewise the Corporate Secretary of International Container Terminal Holdings, Inc.; the Corporate Secretary and a Director of Razon Industries, Inc., Sureste Realty Corp. and Provident Management Group, Inc.; and a Trustee of the ICTSI Foundation, 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 is a Partner at Cruz Durian Alday & Cruz-Matters Law Office.

Benjamin M. Gorospe III, age 48, Filipino

Atty. Gorospe was appointed as the Asst. 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. Moreover, 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.; Assistant Secretary of Global Procurement Ltd., ICTSI Ltd., ICTSI Honduras Ltd. and ICTSI Georgia Corp. and a Director of ICTSI Far East Pte. Ltd.

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.

Silverio Benny J. Tan, age 59, Filipino

Atty. Tan is the managing partner of the law firm 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: Celestial Corporation, Skywide Assets Ltd., Monte Oro Minerals (SL) Ltd., and Dressline Holdings Inc. and its subsidiaries and affiliates. He is the corporate secretary of several companies including: Mapfre Insular Insurance Corporation, Sureste Properties, Inc., Bloomberry Resorts and Hotels Inc.*, Lakeland Village Holdings Inc., Devoncourt Estates Inc., and Pilipinas Golf Tournaments, Inc. He is the assistant corporate secretary of ICTSI, ICTSI Ltd., Apex Mining Company Inc.* and Monte Oro Resources & Energy 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

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 2015 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 16, 2015	25	25	100
Member	Jon Ramon Aboitiz	April 16, 2015	25	24 ²	96
Member	Jose C. Ibazeta	April 16, 2015	25	25	100
Member	Stephen A. Paradies	April 16, 2015	25	25	100
Member	Andres Soriano III	April 16, 2015	25	25	100
Independent	Octavio Victor R. Espiritu	April 16, 2015	25	25	100
Independent	Joseph R. Higdon	April 16, 2015	25	24 ³	96

¹April 16, 2015 was when a Regular Board Meeting, Annual Stockholders Meeting and Organizational Board Meeting were conducted.

²Absent on April 16, 2015

³Absent on April 16, 2015

Directors' Trainings

Each director attended various trainings, continuing education program and conferences in 2015:

Name of Director	Date of Training	Program
Jon Ramon Aboitiz	March 25, 2015	Orientation Course for Corporate Governance Taguig City, Philippines
Stephen G. Paradies	March 25, 2015	Orientation Course for Corporate Governance Taguig City, Philippines
Octavio V. Espiritu	February 18, 2015	Orientation Course for Corporate Governance Makati City, Philippines
Joseph R. Higdon	April 28, 2015	Orientation Course for Corporate Governance Makati City, Philippines
Enrique K. Razon Jr.	May 26, 2015	Corporate Governance Manila, Philippines
	October 12 to 14, 2015	FORBES GLOBAL CEO CONFERENCE, Manila, Philippines
Jose C. Ibazeta	June 24, 2015	Corporate Governance Makati City, Philippines
Andres Soriano III	June 24, 2015	Corporate Governance Makati City, Philippines

¹ Re-elected in the last Annual Stockholders Meeting held last April 16, 2015

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	55
Director	Jon Ramon Aboitiz	Filipino	67
Director	Octavio Victor R. Espiritu*	Filipino	72
Director	Joseph R. Higdon*	American	74
Director	Jose C. Ibazeta	Filipino	74
Director	Stephen A. Paradies	Filipino	62
Director	Andres Soriano III	American	64

*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.

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

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 September 23, 2010, adopting the Committee Report of the ad hoc committee that investigated the reclamation done in Isla Puting Bato in Manila, which stated that the project should have had prior consultation with the City of Manila, approval and ordinance from the City of Manila, and consent from the City Mayor. 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 November 26, 2010, the PPA, through the Office of the Solicitor General, filed a petition for *certiorari* and prohibition with application for the issuance of a temporary restraining order and/or writ of preliminary injunction assailing City Council Resolution No. 141 before the Supreme Court. The said highest court granted a temporary restraining order ("TRO") enjoining the Mayor of Manila and the City Council of Manila from stopping or suspending the implementation of the MICT Berth 6 Project of the PPA, which is still 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 of March 7, 2016, the parties still await 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. (MICO) against ICTSI for damages before the Regional Trial Court of Manila, Branch 55. MICO allegedly sustained by the assured cargo of Philippine Long Distance Telephone Company (PLDT) consisting of telecommunications equipment. The amount of claim is ₱223.8 million (approximately US\$5.0 million) plus legal interest and attorney's fees of ₱1.0 million (US\$22.5 thousand). PLDT initially filed a claim against ICTSI, claiming that the cargo had been dropped while inside a container at the terminal of ICTSI and holding the latter responsible for the value of the equipment. ICTSI did not pay the claim, arguing that there is no evidence that the cargo had been damaged. ICTSI further argued that the containerized equipment was never dropped to the ground but was merely wedged in between containers while being moved in the container yard. The case is currently on trial.

PICT

In 2007, the Trustees of the Port of Karachi (KPT) filed a civil suit against the Pakistan International Container Terminal (PICT), a majority owned subsidiary of ICTSI through ICTSI Mauritius, Ltd., Aeolina Investments Limited and Crixus Limited, in the Honorable High Court of Sindh alleging mis-declaration of the category of goods on the import of Ship to Shore Cranes and Rubber Tyred Gantry Cranes in 2004 and thereby claiming a sum of approximately US\$2.9 million with interest, as penalty. Upon advise of PICT's legal advisor, management is confident that there is no merit in this claim and hence there is a remote possibility that the case would be decided against PICT. PICT has not provided for possible obligations arising from the aforementioned legal proceeding.

Also, in 2007, PICT filed an interpleader civil suit in the High Court of Sindh against the Deputy District Officer, Excise and Taxation and the Trustees of KPT in respect of the demand by the Deputy District Officer, Excise and Taxation under Section 14 of the Property Tax Act, 1958 on PICT to pay the property tax amounting to approximately US\$0.4 million for the period from 2003 to 2007 out of the rent payable to KPT. The High Court granted a stay order directing that no coercive action be taken against PICT until the case has been finalized. In 2008, PICT has withheld the amount of Rs.34.6 million (approximately US\$0.4 million) from the handling and marshalling (HMS) charges billed by KPT for the period from July 1 until December 31, 2007, in accordance with the Honorable High Court's short order dated June 29, 2007. In 2013, the High Court issued an order directly PICT to deposit the abovementioned sum with the Nazir of the High Court, out of amount withheld by PICT from the HMS charges. PICT complied with the said order. In 2014, the Deputy District Officer raised further demand on PICT to pay property tax amounting to approximately US\$0.92 million for the period from 2008 to 2014 out of the HMS charges payable to KPT.

Meanwhile, Pursuant to an application for directions filed by PICT as regards these new HMC, the High Court directed KPT to make the same deposit with the Nazir. The High Court further directed PICT to deposit the HMS charges for the period July 1, 2015 to June 30, 2016 with the Nazir in four equal quarterly instalments until the disposal of the suit, which PICT complied with. Upon advice of PICT's legal counsel, management believes that there is full merit in this case and the property tax imposed will be disallowed by the Honorable High Court. In view thereof, no provision for any liability has been made by PICT.

Further, while completing the tax audit proceedings for the tax year 2013, the Commissioner Inland Revenue (CIR) had modified the deemed assessment of PICT by passing an order under section 122(1) of the Income Tax Ordinance, 2001. The CIR had made certain disallowances/additions towards the taxable income and raised an income tax demand of USD 1.25 million. PICT filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) against the aforesaid order who partly decided the appeal in favour of PICT. PICT made the payment of USD 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 advise of PICT's legal counsel, management is of the view that the issues involved in the appeal will be decided in favour of the Company. Accordingly, no provision in respect of excess demand raised by the CIR has been made.

TSSA

In 2008, a civil suit was filed by former customer Interfood Comercio (Interfood) against TSSA for damages to perishable cargo amounting to BRL7.0 million (approximately US\$3.0 million). Interfood's cargo (garlic and birdseed) was declared improper for human and animal consumption due to long storage period at TSSA before it was claimed and such cargo was destroyed by Brazilian customs authorities. The lower court and Court of Appeals ruled in favor of Interfood. The case has been pending in the Supreme Court for more than four years already. An amount of BRL6.9 million (approximately US\$2.6 million) in TSSA's bank account is now garnished by the lower court. TSSA made an accrual for this contingency in the amount of BRL7.2 million (US\$3.7 million) in 2012, BRL0.6 million (US\$0.3 million) in 2013 and BRL1.9 million (US\$0.8 million) in 2014, presented as part of the "Other expenses" account in the consolidated statements of income. The provisions aggregating BRL11.0 million (US\$5.4 million), BRL12.0 million (US\$5.0 million), BRL13.8 million (US\$5.2 million) and BRL 14.2 million (US\$ 3.55 million) were recognized as part of the "Accounts payable and other current liabilities" account in the consolidated balance sheets as at December 31, 2012, 2013, 2014 and 2015, respectively. TSSA expects the Supreme Court to render judgment on the case anytime in 2016 or to have a settlement agreement with Interfood. The said judgment, however, is still subject to a last appeal with the Supreme Court in Brasilia.

ICTSI Oregon

Due to the labor disruption caused by the International Longshore and Warehouse Union (ILWU) in Portland commencing in June 2012 and continuing to the present, ICTSI Oregon has filed two separate counter-claims in federal court against the ILWU seeking monetary damages. The first is a claim for damages caused by the ILWU's 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). ICTSI Oregon also has a second counterclaim for breach of fiduciary duty against PMA. In addition, the National Labor Relations Board (NLRB) has sought and obtained two federal court injunctions against the ILWU, prohibiting illegal work stoppages as well as a finding of contempt of court against the union.

ICTSI Oregon's 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 couple of years.

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

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

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

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

BICT

In July 2013, BICTL has initiated arbitration proceedings to settle a dispute with its lessor Batumi Sea Port Ltd. (BSP). BICTL has been operating the multipurpose container terminal and the dry cargo and ferry terminal in the Black Sea Port of Batumi, Georgia, under a Lease Agreement entered into with BSP in September 20, 2007. The said lease was issued by virtue of a Concession Agreement that ICTSI Group entered into with Batumi Port Holdings Limited (BPHL) which had the management rights over BSP. However, BPHL was bought out by the group of JSC KazTransOil in February 2008. With the buy-out BSP is now controlled by JSC KazTransOil which also controls the nearby oil terminals in the Port of Batumi.

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

After executing a standstill agreement, the parties settled their differences in an amicable manner which led to the execution of the Settlement Agreement in September, 2015. The Settlement Agreement covers several mutually beneficial measures with focus on further growth of the port. Pursuant to the Settlement Agreement, the parties subsequently withdrew their respective claims and counterclaims before the LCIA which led to the termination of the arbitration proceedings.

CGSA

In April 2010, a vessel, CCNI Antartico (CCNI), hit one of the quay cranes of CGSA causing damage to the crane, affecting a portion of one of the berths, related infrastructure and third party containers and cargo. These properties were capitalized as intangible assets in the consolidated balance sheet. CGSA and ICTSI took appropriate steps to replace the equipment, repair the berth and minimize business interruption. The damaged crane was replaced and the berth was repaired and these have been operational since October 2010 and June 2011, respectively.

On June 16, 2014, the Group and its local insurers entered into a settlement agreement with CCNI, wherein CCNI agreed to pay a total sum of US\$12.8 million, US\$9.9 million of which represents the Group's share corresponding to the reimbursement for damaged gantry crane, berth repair, legal fees and other related costs. On July 23, 2014, the Group received, as full settlement of its claims, a total of US\$9.9 million. This resulted in the recognition of US\$1.6 million gain on settlement of insurance claims presented under the "Other income" account.

BCT

On May 17, 2012, a vessel hit one gantry crane of BCT causing damage to the crane and another gantry crane, some empty dry container vans, portions of the quay and related infrastructure in the area, and physical injuries to three employees of BCT.

The net book value of the gantry crane as of the date of the incident amounted to US\$2.5 million, which is fully recoverable from the insurance company and the vessel owner. The Group believes that the incident would not result in any significant effect on the operations and profitability of the terminal as the majority of the terminal, including berthing areas, remains fully operational. In 2012, BCT recognized claims receivable from the insurance company amounting to US\$4.7 million which corresponds to the net book value of damaged gantry crane and cost of restoring the damaged quay and related infrastructure. As at July 31, 2013, the claims receivable increased to US\$4.9 million. BCT recovered a total of US\$6.1 million in August 2013 from the local insurer as recovery of the cost of the damaged gantry crane and other related costs. The excess of the amount received from the local insurer of US\$1.2 million was recorded as "Other income" in the 2013 consolidated statements of income. As at August 31, 2014, the outstanding claims receivable of BCT amounted to US\$4.3 million representing the book value of the other damaged gantry crane and other related costs. On November 19, 2014, BCT and its local insurers entered into a settlement agreement with the shipping line, wherein the shipping line agreed to pay a total sum of US\$9.6 million, US\$3.4 million of which represents the unpaid portion to BCT payable within 30 days. The US\$3.4 million was collected by BCT on December 22, 2014. In 2014, BCT has written down US\$0.9 million of the claims receivable to the recoverable amount based on the settlement agreement and this amount was recorded under "Other expenses" in the 2014 consolidated statement of income.

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 consolidated financial statements:

Related Party	Relationship	Nature of Transaction	2013	2014		2015		Outstanding Receivable (Payable) Balance	Outstanding Receivable (Payable) Balance
			Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	Amount		
<i>(In Millions)</i>									
ICBV									
SPIA	Joint venture	Interest-bearing loans ⁽ⁱ⁾	US\$0.31	US\$50.39	US\$64.73	US\$115.12	US\$94.77	US\$209.90	
PSA	Joint venture partner in SPIA	Transfer of 50% of loans to SPIA ⁽ⁱ⁾	44.00	–	–	–	–	–	
Parent Company									
YRDICIL/YICT									
YPH	Non-controlling shareholder	Port fees ⁽ⁱⁱ⁾	1.12	(0.04)	1.46	–	1.10	–	
		Trade transaction ⁽ⁱⁱⁱ⁾	–	–	0.37	(0.01)	0.09	(0.01)	
		Management fees ^(iv)	–	–	–	–	0.23	–	
YPG	Common shareholder	Port fees ⁽ⁱⁱ⁾	–	–	3.02	(0.77)	3.72	(0.29)	
		Trade transaction ⁽ⁱⁱⁱ⁾	–	–	1.80	(0.13)	2.09	(0.32)	
		Purchase of equipment	–	–	–	–	2.58	–	
DP World	Non-controlling	Management fees ^(iv)	–	–	–	–	0.19	–	

Related Party	Relationship	Nature of Transaction	2013	2014	2015			
			Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance
<i>(In Millions)</i>								
	shareholder							
Tecplata								
NPSA		Purchase of additional shares	16.00	–	6.00	–	–	–
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.16	(0.02)	0.17	(0.01)	0.16	(0.02)
AGCT								
Luka Rijeka	Non-controlling shareholder	Provision of services ^(v)	0.33	(0.01)	0.27	–	0.29	(0.03)
		Consulting services and rental income ^(vi)	0.01	–	–	–	–	–
PICT								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges ^(vii)	3.31	(0.42)	3.62	(0.68)	4.47	(0.52)
Premier Software (Private) Limited	Common shareholder	Software maintenance charges ^(viii)	–	–	0.01	–	0.01	–
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue ^(ix)	0.40	0.06	0.81	0.08	0.57	0.04
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees ^(x)	–	–	–	–	0.16	0.16
		Maintenance and repairs	–	–	–	–	0.04	0.04

- (i) The loans were used by SPIA to finance its ongoing construction of the terminal. Interest rates were determined on an arm's-length basis. As part of the sale of the shares to SPIA, ICBV transferred half of its loans receivable from SPIA to PSA in exchange for cash.
- (ii) YRDICTL/YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes; port construction fees and facility security fee in accordance with government regulations (see Note 24.28). Port fees remitted by YRDICTL/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 presented under "Accounts payable and other current liabilities" account in the consolidated balance sheets.
- (iii) Trade transactions include utilities, rental and other transactions paid by YICT to YPG and YPH.
- (iv) The BOD of YICT approved a management fee of RMB6.8 million in 2015 allocated among the shareholders namely: ICTSI, DP World and YPG.
- (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) AGCT has earned revenues from consulting services and rental income for providing space for general cargo to Luka Rijeka. Related revenues were recognized under "Other income" account in the consolidated statements of income.
- (vii) 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.
- (viii) Premier Software provided maintenance of payroll software to PICT paid on a monthly basis.
- (ix) Marine Services, Portlink and AMI are customers of PICT. Services provided to these parties amounted to US\$0.40 million in 2013, US\$0.81 million in 2014 and US\$0.57 million.
- (x) NCT Transnational Corp. (NCT) is a joint venture company of the following 40% owners of LGICT: Nippon Container Terminals Co. Ltd. Transnational Diversified Corp. and NYK-Fil Japan Shipping Corp. LGICT entered into an operations and management agreement with NCT since the latter has experience in managing and operating container depots.

(i) 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, 2013, 2014 and 2015, 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. The transactions with related parties are made on terms equivalent to those that prevail in arm's-length transactions.

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 2015 amounted to US\$[●] million (2014: US\$[●] million). The estimated amount of compensation expected to be paid in 2016 to the Chairman of the Board and President and four (4) highest paid executive officers as a group, amounted to US\$[●] million.

Name and Principal Position	Year	Salary	Bonus and Others ^(a)	Total ^(b)
Enrique K. Razon, Jr. <i>Chairman of the Board and President</i>				
Martin O'neil ^(c) <i>Executive Vice-President</i>				
Rafael D. Consing, Jr. ^(d) <i>Senior Vice-President and Chief Financial Officer</i>				
Christian R. Gonzalez ^(e) <i>Senior Vice President, Regional Head of Asia Pacific Region and MICT**</i>				
Jose Joel M. Sebastian ^(c) <i>Senior Vice-President, Finance</i>				
Chairman of the Board and President and four (4) highest paid executive officers, as a group	2016 (Estimate)			
	2015 (Actual)			
	2014 (Actual)			
All officers and Directors, as a group, Unnamed ^(f)	2016 (Estimate)			
	2015 (Actual)			
	2014 (Actual)			

^(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) *Promoted last October 5, 2015*

^(d) *Promoted last October 5, 2015 and appointed as Compliance Officer last February 9, 2016*

^(e) *Promoted last November 9, 2015*

^(f) *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 2014, 2015 or in the coming year, for any service provided as a director.

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

There are no existing compensatory plans or arrangements, including payments to be received from ICTSI by any named executive officer, 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, 2015. 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 2013, 2014 and 2015. Discussion on the SIP is further disclosed in Note [●], *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 2015.

The appointment of the partner-in-charge will be in compliance with SEC Rule 68, Paragraph 3 (b)(iv) on the requirement on the rotation of external auditors.

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

External Audit Fees and Services

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

	2013	2014	2015
Audit Fees	US\$775.0	US\$939.3	US\$1,057.8
Audit-Related Fees	711.4	–	880.4
Tax Fees	176.2	92.0	295.6
Other Fees	34.1	14.8	73.1

Audit Fees include the audit of the Group's annual financial statements. The consolidated audit fees increased in 2014 and 2015 as a result of new operating terminals and start-up companies.

Audited-Related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group. In 2013 and 2015, this amount increased due 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.

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.

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 16, 2015.

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.

Descriptions and explanations of the above transactions are further disclosed in Note 18, *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 16, 2015, 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 2015 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:

April 16, 2015 (Regular Meeting)

Approved the Terms and Conditions under Permit to Occupy No. M102-PO-15-001 issued by the Philippine Ports Authority as the Lessor over the parcel of land located at Block 1, Lot 9 of the North Harbor Port Layout Plan (Slip 0, North Harbor, Tondo, Manila).

April 27, 2015 (Regular Meeting)

Approved the: (a) authority of Mr. Jose Manuel M. De Jesus and Atty. Lirene C. Mora-Suarez to represent the Company at the Annual Meeting of the stockholders of Mindanao International Container Terminal Services, Inc. (MICTSI); (b) Company as the seller, to enter into a Deed of Sale of Shares with NICTI, as the buyer, of

the stocks owned by the Company in NICTI; and (c) ICTSI Ltd.-Regional Operating Headquarters' opening and maintaining of accounts with Unionbank of the Philippines.

April 29, 2015 (Regular Meeting)

Approved the Board of Investments Registration under Executive Order No. 226 of Manila International Container Terminal Expansion Project – Container Yard of Berth 7.

April 30, 2015 (Regular Meeting)

Approved the: (a) appointment of authorized signatories to all bank accounts of the Company; and (b) transfer as equity investment to ICTHI in the total amount of USD 337,300,000.00 and PHP 317,610,000.00 for the Third Quarter of 2015.

May 27, 2015 (Special Meeting)

Approved the purchase of 100% of the capital stock in Terminal Maritima de Tuxpan, S.A. de C.V.

June 19, 2015 (Regular Meeting)

Authorized the application for Tax Credit Certificate (TCC) utilization through a Tax Debit Memo (TDB) with the Bureau of Internal Revenue.

July 24, 2015 (Regular Meeting)

Authorized to act as surety in favor of BDO Unibank, Inc for all amounts and charges payable by ICTSI Foundation, Inc.

August 5, 2015 (Regular Meeting)

Granted authority to Mr. Jose Carlo S. Javier to execute a contract with Philippine American Life and General Insurance Company (Philam) in relation to ICTSI Employees' Group Insurance Plan; and re-appointment of Mr. Martin O'Neil as Senior Vice President and Chief Financial Officer of the Company for another one year or until October 10, 2016.

August 17, 2015 (Special Meeting)

Approved the new Senior Perpetual Securities to be issued by Royal Capital B.V.

August 18, 2015 (Regular Meeting)

Approved the: (a) final terms and conditions of the new Senior Perpetual Securities to be issued by Royal Capital B.V.; and (b) Parent Company Guarantee to Cargotec Finlad Oy for the supply of Automatic Stacking Cranes.

September 7, 2015 (Regular Meeting)

Approved the: (a) opening of account with Deutsche Bank AG; (b) authority of Mr. Antonio G. Coronel to negotiate and to execute/sign and deliver on behalf of the Company any and all contracts for the property purchased in Anvaya Cove; and (c) guarantee or sponsor the Senior Loans for Contecon Manzanillo S.A. de C.V. (CMSA) for the construction, completion and operation of the Port of Manzanillo in Mexico.

October 5, 2015 (Regular Meeting)

Approved the promotion of Mr. Martin L. O'Neil to Executive Vice President from Senior Vice President and Chief Financial Officer, promotion of Mr. Rafael D. Consing Jr. to Senior Vice President and Chief Financial Officer from Vice President and Treasurer and promotion of Mr. Jose Joel M. Sebastian to Senior Vice President, Finance from Vice President and Controller.

October 8, 2015 (Regular Meeting)

Approved the: (a) authorized representatives to transact with Land Transportation Office (LTO); (b) authority of Mr. Antonio G. Coronel to represent the Company in filing of its import entry documents with the Bureau of Customs; and (c) appointment of Mr. Antonius Floris Martijn van den Bosch as Vice President, Head of Global Corporate Affairs & Governance and Compliance Officer of the Company for another two (2) years or until November 27, 2017.

October 8, 2015 (Special Meeting)

Approved the support of the Company to its Argentine subsidiary, Tecplata S.A., in the participation in the bidding for the operation and development of the port terminal No. 5 in Puerto Nuevo, Buenos Aires, Argentina.

November 3, 2015 (Regular Meeting)

Approved the availment of products/facilities of Australia and New Zealand Banking Group Limited.

November 9, 2015 (Regular Meeting)

Approved the promotion of Mr. Christian R. Gonzalez to SVP, Head of Regional Head of Asia Pacific from Vice President, Head of Asia Pacific Region and MICT.

November 12, 2015

Confirmed the ownership structure of ICTSI, ICTHI and ICTSI Ltd.

December 23, 2015

Authorized the conversion of ICTSI's deposit for future stock subscriptions (DFFS) into equity and advances in its subsidiaries and appropriation of ICTSI's existing retained earnings for additional working capital requirements in 2016.

January 5, 2016 (Regular Meeting)

Approved the: (a) filing of advisement regarding Consolidated Updates on the 2015 Annual Corporate Governance Report (ACGR) at the Securities and Exchange Commission (SEC); (b) authority of Mr. Christian R. Gonzalez to represent the Company in the execution of Contract of Lease between the Company and Philippine Ports Authority regarding the open area consisting of eighteen thousand two hundred fifty seven square meters (18,257 sq.m.), situated at Block 1, lot 9, Slip O, North Harbor, Tondo, Manila; (c) authority of Mr. Christian R. Gonzalez to represent the Company in the execution of Memorandum of Agreement between the Company and San Cristobal Garden Homes Home Owners Association regarding the easement of excess rainwater from Garden Homes' drainage; (d) appointment of Ms. Lisa Marie Teresa Escaler as Vice President and Head of Human Resources of the Company for another two (2) years or until February 11, 2018; and (e) participation of the Company in the Invitation To Tender in relation to the Limassol Port Commercialisation; and review the: Company's mission and vision statements.

February 5, 2016 (Regular Meeting)

Approved the: (a) application to secure tree cutting clearance from the Department of Environment and Natural Resources (DENR) – Regional Office No. IV-A for the property located in Brgy. San Cristobal, Calamba City, Laguna; and (b) authority of Mr. Christian R. Gonzalez to represent the Company in the execution of Retail Electricity Supply Agreement (RESA) between the Company and MERALCO.

February 9, 2016 (Regular Meeting)

Approved the appointment of Mr. Rafael D. Consing Jr. as the company's Compliance Officer to replace Mr. Antonius Floris Martijn van den Bosch, effective February 9, 2016.

Summary of the Minutes of the 2015 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 16, 2015, 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, 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 -

The Secretary of the meeting certified that written notices were sent out starting March 3, 2015 to all stockholders as of record date of March 16, 2015. He further certified that stockholders representing 2,333,095,459 shares, out of a total of 2,736,062,860 shares, or 85.27% of total issued and outstanding shares were present in person or by proxy in the meeting. There was, therefore, a quorum for the meeting.

3. Approval of Minutes of the Annual Meeting of Stockholders Held on April 10, 2014 -

A stockholder moved for the approval of the minutes of the Annual Stockholders Meeting dated April 10, 2014. The motion was duly seconded. There being no objection to the motion, the Chairman declared the resolution approved and instructed the Secretary to record a vote approving the motion, noting the votes through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,331,129,245
Dissenting	None
Abstaining	1,966,214

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-01-15

"RESOLVED, that the minutes of the Annual Stockholders Meeting held on April 10, 2014 are hereby approved."

4. Chairman's Report -

The Chairman and President delivered the following report:

The year 2014 was marked by a key and significant milestone for ICTSI. For the first time ever, our revenues breached the US\$1 billion mark. Revenue from port operations grew to US\$1.1 billion, an increase of 24 percent over the US\$852.4 million reported in 2013.

The robust growth in revenue was a result of the contributions from our new terminals, and a 45 percent revenue growth from the consolidation of the Yantai terminals in China. Without the new terminals, organic revenue growth would have been eight percent.

2014 Highlights

Another highlight of the year was the inauguration in January of our newly built terminal in Manzanillo, Mexico, managed by our wholly owned subsidiary, Contecon Manzanillo. The terminal is equipped with four super post-Panamax quay cranes, which are the fastest and largest cranes in the ICTSI Group. The second Specialized Container Terminal in the country's busiest port is the most dynamic and state of the art terminal in Mexico.

Also in January, we formed a joint venture, ICTSI DR Congo, with SIMOBILE to develop a river port in Matadi, Democratic Republic of Congo. Matadi is the most important port on the Congo River, and we intend to optimize its location by implementing our brand of service in this part of Africa upon its completion

in 2016. In Nigeria, we signed an agreement to sell 25 percent of our shareholding in Lekki International Container Terminal to CMA Terminals, the world's third largest carrier.

In April, we signed a contract with the General Company for Ports of Iraq (GCPI) to operate, develop and expand general cargo and container facilities at the Port of Umm Qasr. In November, our Iraqi operations were in full swing. The operations in Iraq are already doing well and we have started construction of the new container berth.

In May, we concluded our first port concession in Australia. Victoria International Container Terminal (VICT) signed a contract with the Port of Melbourne for the development, management and operation of the Webb Dock Container Terminal. To be completed in early 2017, VICT will be our first fully automated terminal and the first of its kind in the Oceania region.

In June, we signed a termination agreement with Larsen & Toubro to cancel our contract for the Kattupalli Container Terminal in Tamil Nadu, India. This mutual decision came about after realizing that the contract was not beneficial to either party. The cancellation had no effect on our global operations, and we were reimbursed for all expenses related to Kattupalli. We will continue to actively search for opportunities in India.

In July, and as previously mentioned, the Port Authority of Yantai in China consolidated all the container terminals handling foreign cargo into one terminal company, and ICTSI acquired 51 percent of the new company, Yantai International Container Terminal.

Group Volumes

For the year, the ICTSI Group handled consolidated volume of 7,438,635 TEUs, 18 percent more than the 6,309,840 TEUs in 2013. The increase was mainly due to volumes generated by our new operations in Mexico and Honduras; the positive impact of the port consolidation in China; and a 20 percent volume growth in Poland.

Excluding new terminals, organic volume increased by slightly more than two percent. Our seven key operations in Manila, Brazil, Poland, Madagascar, China, Ecuador and Pakistan accounted for 70 percent of the Group's consolidated volume.

Financial Performance

Revenue from port operations grew 24 percent to US\$1.1 billion over US\$852.4 million in 2013.

Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased 17 percent to US\$443 million from US\$377.3 million in 2013.

Meanwhile, the EBITDA margin decreased slightly to 42 percent from 44 percent in the previous year mainly as a result of the impact of operating costs of the new terminals and higher business development expenses.

Net income increased six percent to US\$182 million from US\$172.4 recorded in 2013. Income growth was slightly tempered by start-up costs and operating expenses in Mexico and Honduras, higher depreciation, and increased interest expense.

Net income was affected by non-recurring items such as gains on the sale of a non-operating subsidiary in the Philippines, the termination of the contract in India, settlement of insurance claims, and the consolidation in China. These items were offset against an impairment charge by our subsidiary in Argentina. Excluding the non-recurring items, net income would have been flat at US\$172.6 million.

Diluted earnings per share for the period was likewise higher by 5 percent at US\$0.075 from US\$0.071.

Consolidated cash operating expenses in 2014 grew 26 percent to US\$454.5 million from US\$359.5 million, again reflecting the ramp-up of operations. Excluding the cash operating expenses of the new terminals, total cash operating expenses would have increased by only seven percent.

Capital expenditure in 2014 amounted to US\$279 million against a full year capital expenditure budget of US\$310 million. The year's capital expenditure was primarily for the development in Mexico and Argentina, expansion in Croatia, facilities rehabilitation in Honduras, and the start of development in D.R. Congo.

The Group's capital expenditure budget for 2015 is approximately US\$530 million. This will be allocated for the development of D.R. Congo, capacity expansion in Manila, and the new terminals in Iraq and Australia.

For ICTSI's joint venture terminal development project with PSA International in Colombia, the Company invested US\$64.7 million in 2014, and we expect to invest approximately US\$140 million in 2015 to complete phase one of the project.

Principal Redemption Profile

The Company undertook several fund raising, re-financing and liability management exercises during the year. Given very favorable financial markets and the low interest rate environment, we took advantage of our Medium Term Note Programme.

Our liability management enabled us to reduce funding costs and extend maturities of our securities and bonds by successfully concluding exchange programs.

Citations

During the year in review, the ICTSI Group continued to be recognized as a pioneering company not only in the Philippines but in the region as well.

In September, the ASEAN Business Advisory Council honored us with the highest business recognition in the country by bestowing on us the Corporate Excellence Award in the Large Enterprise Category. ICTSI was cited "not only for its outstanding growth performance, but also for its commitment to the welfare of its employees, as well as its impactful corporate social responsibility programs."

In October, Hong Kong-based Corporate Governance Asia recognized ICTSI as an "Icon on Corporate Governance." And in November, United Kingdom-based World Finance awarded ICTSI with the Port Project Sponsor Award for "exceptional work in sponsoring a wide variety of deals." The Nikkei Asian Review also included ICTSI in its "ASEAN all-stars" listing, citing ICTSI as one of the region's leading publicly listed companies.

Moving forward

After two decades in this business, the zest that we have for our work is stronger than ever. The daily challenge of finding an even better way of operating our terminals, the effort to deliver world class service, the complexity of interacting with diverse cultures – all combine to motivate us to outdo ourselves. The next year will be no different.

We continue to be grateful to our host governments, our business partners, our clients and our employees. Thank you for your trust in ICTSI.

Last but not the least, I am happy to announce that in the board meeting earlier this morning, the board of directors approved a cash dividend of 90 centavos per common share for stockholders of record as of May 4, 2015 and it shall be paid out on May 15, 2015.

5. Approval of the Chairman's Report and the 2014 Audited Financial Statements -

A stockholder moved for the approval of the Chairman's Report for 2014. Another stockholder seconded the motion. There being no objection, the Chairman declared the motion approved, noting the votes through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,330,490,245
Dissenting	None
Abstaining	2,605,214

The following resolution was thus approved:

RESOLUTION NO. STK-02-15

"RESOLVED, that the Chairman's Report for 2015 is hereby approved."

A stockholder moved for the approval the Audited Financial Statements as of December 31, 2014 which was duly seconded. The Chairman asked the body whether there was any objection and there being none, he declared the resolution approved, and instructed the Secretary to record a vote in favor of the resolution, noting as well the votes through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,330,490,245
Dissenting	None
Abstaining	2,605,214

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-03-15

"RESOLVED, that the Audited Financial Statements as of December 31, 2014 is hereby approved."

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

A stockholder moved for the approval of all acts, contracts, investments and resolutions and other activities approved by the outgoing Board and Management. Another stockholder seconded the motion. There being no objection, the Chairman declared the motion carried and approved, taking note of the votes through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,330,474,465
Dissenting	None

Abstaining	2,620,994
------------	-----------

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-04-15

"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 10, 2014 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.	* OCTAVIO VICTOR ESPIRITU
JOSE C. IBAZETA	*JOSEPH R. HIGDON
STEPHEN A. PARADIES	(*nominees for independent director)
ANDRES SORIANO III	
JON RAMON ABOITIZ	

The Office of the Corporate Secretary received no other nomination. He further reported that the Nomination Committee passed upon the nominations.

A stockholder said that since there are only seven (7) nominees for the seven (7) seats available in the Board, he moved that 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. Another stockholder seconded the motion.

The Chairman asked the body whether there was any objection and there being none, he declared the motion approved and directed 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, as detailed below:

Election of Directors	For	Against	Abstain	Total Received	Votes
Enrique K. Razon Jr.	2,300,878,549	29,655,196	2,561,714	2,300,878,549	
Jon Ramon Aboitiz	2,288,898,993	42,230,252	1,966,214	2,288,898,993	
Octavio Espiritu	2,322,102,602	9,026,643	1,966,214	2,322,102,602	
Joseph Higdon	2,331,128,885	360	1,966,214	2,331,128,885	
Stephen Paradies	2,262,112,417	69,016,828	1,966,214	2,262,112,417	
Jose Ibazeta	2,287,125,663	44,003,582	1,966,214	2,287,125,663	
Andres Soriano Ili	2,105,939,371	225,189,874	1,966,214	2,105,939,371	

The following resolution was thus adopted and passed:

RESOLUTION NO. STK-05-15

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

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

*As independent directors.

8. Amendment of the Third Article of the Articles of the Incorporation of the corporation

A stockholder moved for the approval of the amendment of the Third Article of the Articles of Incorporation of the corporation in accordance with the resolution approved by the Board last March 2, 2015, as previously discussed. Another stockholder seconded the motion. There being no objection, the Chairman declared the motion carried and approved, except for stockholders who voted through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,331,129,245
Dissenting	None
Abstaining	1,966,214

RESOLUTION NO. STK-06-15

"RESOLVED, to amend the Third Article of the Articles of Incorporation so as to provide:

THIRD: That the place where the principal office of the Corporation is to be located and established is at ICTSI Administration Building, South Access Road, MICT, Port of Manila, Philippines."

9. Appointment of External Auditor -

A stockholder nominated Sycip Gorres Velayo and Company as External Auditor of the Company. Another stockholder seconded the nomination. Another stockholder moved to close the nomination, which was duly seconded. The Chairman asked the body whether there was any objection and there being none, he declared the resolution approved, and the Chairman instructed the Secretary to record the votes, as detailed below, except those voting through proxies with specific instructions:

VOTES	NUMBER OF VOTES CAST
Approving	2,327,479,305
Dissenting	3,649,940
Abstaining	1,966,214

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-07-15

"RESOLVED, That Sycip Gorres Velayo and Company is appointed as external auditors of the company for the year 2015."

9. Other Matters

The Chairman announced that at the meeting held earlier this morning, April 16, 2015, the Board declared cash dividends of P0.90 per share for stockholders of record as of May 4, 2015, payable on May 15, 2015. The stockholders applauded.

Questions and Answers

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

One stockholder asked about ICTSI's port in Argentina and if history would repeat itself. The Chairman replied that ICTSI learned its lesson this time around. A follow – up question was raised about a supposed project in Mongolia to which the Chairman replied that the stockholder may be confusing ICTSI with another company. The next question was about ICTSI's issues with the City Government of Manila. The Chairman responded that everything has been cleared by the city government and there is no issue anymore since the truck ban has been lifted. The same stockholder also asked why ICTSI opts for perpetual bonds for funding its projects and the Chairman replied that this funding strategy allows for longer maturity date.

10. Adjournment -

A stockholder moved for the adjournment of the meeting. Another stockholder duly seconded the motion. There being no objection, the Chairman announced that the meeting was adjourned. He invited the stockholders to partake of a brunch prepared by 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

As early as January 25, 2007, an evaluation system to measure compliance with the Revised Manual of Corporate has already been finalized and was 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 company 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 2015, ICTSI participated in 50 training programs for 167 employees to upgrade their professional & technical skills and knowledge. There were 40 other training programs for behavioral, health and other company orientations conducted internally for 1100 employees. Under the technical training program, a total of 13 employees were certified during the year to operate new or additional equipment and 12 were trained as new Hatch Clerks. ICTSI continues to provide its employees trainings programs that would best suit their needs and hone their skills.

- 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; and
 - h. Ugnayan sa Pantalan.

- 3.) Technical training programs for skills enhancement of equipment operators i.e. Reach Stackers, Quay Cranes, Rubber Tired Gantries, Sidelifter and Checkers.

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 vary 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, Fecalalysis 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

Developed Programs and policies for year 2015:

- Safety brochure and booklet – 800 high gloss info catalogues with safety inserts/inputs for truckers safety, visitors safety, contractors safety, and port user's safety, were distributed;
- Full implementation of Personal Protective Equipment (PPE) to all; and
- New uniform with high visibility marks both upper garments and working pants were distributed for operation employees.

Accident Prevention:

- Intensified yard inspections and Safety Visibility;
- Regular monitoring of the container stacking at the container yard;
- Regular roving inspection and monitoring of the Terminal is being conducted daily to ensure that safety is properly implemented and exercised;
- 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 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 28, 2016 which states that the Company is in full compliance thereof. The Company likewise submitted its 2014 Consolidated Changes in the Annual Corporate Governance Report on January 8, 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 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

2015

December: **Best Corporate Bond in the Philippines**

ICTSI's USD450 million perpetual bonds issued last August 2015 is cited as the Best Corporate Bond in the Philippines by The Asset Triple A Country Awards 2015. The award was received last January 12, 2016 in Hong Kong at the gala dinner organized by The Asset, Asia's leading financial publication for issuers and investors.

Platinum Award

For a second year in a row, ICTSI was again 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, 2015 in Hong Kong.

April: ICTSI is again awarded by **Corporate Governance Asia** as one of the Best Investor Relations Companies in the Philippines, Arthur Tabuena as one of the Best Investor Relations Professionals and Enrique K. Razon, Jr. as one of Asia's Best CEO.

2014

December: **Platinum Award**

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 gala dinner on December 11, 2014 in Hong Kong.

November: **1st runner-up - Most Admired ASEAN Enterprise**

ICTSI led the group of six top Philippine awardees in the regional ASEAN Business and Investment Summit in Myanmar in November 2014.

Port Project Sponsor of the Year Award

A total of 17 project finance deals were cited by the publication, World Finance (a leading financial magazine based in the United Kingdom) with ICTSI receiving the Sponsor of the Year Award. The company was recognized for its "exceptional work in sponsoring a wide variety of deals." It also described ICTSI as choosing to "embrace the pathway to global expansion."

October: **Icon on Corporate Governance Award**

Asian Corporate Director of the Year Award

At the 10th Corporate Governance Asia Annual Recognition Awards in Hongkong on October 24, 2014, ICTSI and its chairman, Mr. Enrique Razon, Jr., were again one of the recipients of the Icon on Corporate Governance Award and Asian Corporate Director of the Year Award, respectively.

September: **Corporate Excellence Award**

At the inaugural of the ASEAN Business Awards - Philippines last September 9, 2014, the ASEAN Business Advisory Council (ABAC) of the Philippines honored ICTSI with the highest business recognition, the Corporate Excellence Award in the Large Enterprise Category. ABAC cited ICTSI "*not only for its outstanding growth performance, but also for its commitment to the welfare for its employees, as well as its impactful corporate social responsibility programs.*" ICTSI represented the Philippines the regional ASEAN Business and Investment Summit in Myanmar in November 2014.

2013

March: ICTSI was awarded again as one of the Best Investor Relations Companies in the Philippines by Corporate Governance Asia.

June: ICTSI was awarded as Asia's Icon on Corporate Governance in the 9th Corporate Governance Asia Awards - The Class of 2013.

2012

March: ICTSI was awarded as one of the Best Investor Relations Companies in the Philippines by Corporate Governance Asia. Corporate Governance Asia is the region's most authoritative journal on corporate governance.

June: ICTSI was given the Corporate Governance Asia Recognition Award for its continuing commitment to the development of Corporate Governance in the region.

2011

ICTSI was a recipient of a Silver Award from the Institute of Corporate Directors (ICD), as one of the few publicly- listed companies that met ICD's exacting standards of corporate governance.

Dividends and Dividend Policy

Since 2013 to 2015, ICTSI was able to declare dividends from PhP 0.75 - PhP 0.90, 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 shall earn no dividends.

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

	2014	2015
Date of BOD approval	April 10, 2014	April 16, 2015
Amount of cash dividends per share	US\$0.019 (₱0.85)	US\$0.020 (₱0.90)
Record date	April 28, 2014	May 4, 2015
Payment date	May 9, 2014	May 15, 2015

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 2015 Minutes of the Annual Stockholders' Meeting

The Minutes of the Annual Stockholders' Meeting of ICTSI held on April 16, 2015 ("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 2015 Annual stockholders Meeting, subject to the shareholders' approval, has been disclosed and uploaded in ICTSI's 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 2015 Audited Consolidated Financial Statements

The annual consolidated financial statements of ICTSI and subsidiaries as of and for the year ended December 31, 2015 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. 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 2014 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 2015 ICTSI Annual Report on SEC Form 17-A for the fiscal year ended 31 December 2015, 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 23 February 2016.

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 8 April 2016**. The proxy form need not be notarized.
- (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 8 April 2016**. 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 Harbour Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on **14 April 2016 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 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: _____

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, 2014. 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 report date, the Group is involved in 29 terminal concessions and port development projects in 21 countries worldwide. There are 24 operating terminals in eight key ports in the Philippines, two in Indonesia and one each in Brunei, Japan, China, the United States of America (U.S.A.), Ecuador, Brazil, Poland, Georgia, Madagascar, Croatia, Pakistan, Honduras, Mexico and Iraq; four ongoing port development projects in Colombia, Argentina, Australia and Congo; and a sub-concession agreement to develop, manage and operate a port in Nigeria. The expected start of commercial operations of the ongoing projects are middle of 2015 for Argentina, second quarter of 2016 for Colombia, middle of 2016 for Congo, and end of 2016 for Australia. The construction of the terminal in Nigeria is expected to start in the first half of 2015 and is scheduled to commence initial operations in the middle of 2018.

ICTSI was established in 1987 in connection with the privatization of Manila International Container Terminal (MICT) in the Port of Manila, and has built upon the experience gained in rehabilitating, developing and operating MICT to establish an extensive international network concentrated in emerging market economies. International acquisitions principally in Brazil, Poland, Madagascar, Ecuador, China, and recently, in Pakistan, substantially contributed to the growth in volume, revenues and net income. ICTSI’s business strategy is to continue to develop its existing portfolio of terminals and proactively seek acquisition opportunities that meet its investment criteria.

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

- Asia
 - Manila - Manila International Container Terminal, Port of Manila, Philippines (MICT)
 - Zambales - New Container Terminal (NCT) 1 and 2, Subic Bay Freeport Zone, Olongapo City, Philippines (SBITC/ICTSI Subic)
 - Batangas - Bauan Terminal, Bauan, Philippines (BIPI)
 - 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)

- Japan - Naha Port Public International Container Terminal, Okinawa, Japan (NICTI)
 - Indonesia - Makassar Port Container Terminal, Makassar, South Sulawesi, Indonesia (MTS) and Port of Tanjung Priok, Jakarta, Indonesia (OJA)
 - China - Yantai Gangtong Terminal, Shandong Province, China (YRDICTL) up to June 30, 2014 and Yantai International Container Terminal (YICT) effective July 1, 2014
 - Brunei - Muara Container Terminal, Brunei Darussalam (NMCTS)
 - Pakistan - Port of Karachi, Karachi, Pakistan (PICT)
 - Australia - Webb Dock Container Terminal and ECP at Webb Dock East, Port of Melbourne, Australia (VICT)
- Europe, Middle East and Africa (EMEA)
 - Poland - Baltic Container Terminal, Gdynia, Poland (BCT)
 - Georgia - Port of Batumi, Batumi, Georgia (BICT)
 - Croatia - Brajdica Container Terminal, Rijeka, Croatia (AGCT)
 - Madagascar - Port of Toamasina, Toamasina, Madagascar (MICTSL)
 - Nigeria - Deep Water Port, Ibeju-Lekki, Lagos State, Federal Republic of Nigeria (LICTSLE)
 - Congo - River Port, Mbengu, Matadi, Democratic Republic of Congo (IDRC)
 - Iraq - Port of Umm Qasr, Iraq (ICTSI Iraq)
 - Americas
 - Brazil - Suape Container Terminal, Suape, Brazil (TSSA)
 - Ecuador - Port of Guayaquil, Guayaquil, Ecuador (CGSA)
 - Argentina - Port of La Plata, Buenos Aires Province, Argentina (TECPLATA)
 - Oregon, USA - Port of Portland, Oregon, USA (ICTSI Oregon)
 - Mexico - Port of Manzanillo, Manzanillo, Mexico (CMSA)
 - Colombia - Port of Buenaventura, Buenaventura, Colombia (SPIA)
 - Honduras - Puerto Cortés, Republic of Honduras (OPC)

On May 19, 2013, ICTSI's concession for MICT was extended for another 25 years up to May 18, 2038, upon completion of agreed additional investments in port equipment and infrastructures prior to 2013, payment of upfront fees amounting to ₱670.0 million (US\$16.4 million), and turnover and execution of Deed of Transfer of port facilities and equipment being used at MICT and part of committed investment under the original concession agreement, among others.

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

Deep Water Port, Ibeju-Lekki, Federal Republic of Nigeria. On February 22, 2012, ICTSI and Lekki Port LFTZ Enterprise (Lekki Port) entered into a Memorandum of Understanding (MOU) to negotiate the terms of a Sub-concession Agreement (SCA) to develop and operate the container terminal at the Deep Water Port in the Lagos Free Trade Zone (LFTZ) at Ibeju-Lekki, Lagos State, Federal Republic of Nigeria. On August 10, 2012, Lekki Port and ICTSI signed the SCA, which granted 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 start of commercial operation date. On January 26, 2014, ICTSI, through its wholly-owned subsidiary, ICTSI Capital B.V. (ICBV) executed a conditional Share Purchase Agreement ("Agreement") with CMA Terminals (CMAT), a member of CMA-CGM Group, to sell its 25.0 percent shareholdings in LICTSLE to CMAT, subject to certain conditions precedent to completion. As of March 4, 2015, the condition precedent has not been satisfied. The transaction is expected to be completed in the first half of 2015. The container terminal construction is expected to start in the first half of 2015 subject to fulfillment of certain conditions and is scheduled to commence operations in the middle of 2018.

Port of Karachi, Pakistan. On March 30, 2012, ICTSI, through its wholly-owned subsidiary, ICTSI Mauritius Limited (ICTSI Mauritius), signed a Share Purchase Agreement with substantial shareholders of Pakistan International Container Terminal (PICT), a company listed in the Karachi Stock Exchange, for the purchase of 35.0 percent of the total issued capital stock of PICT, which involved the conduct of a minimum offer price and was determined in accordance with the Takeover Laws of Pakistan. On October 18, 2012, ICTSI Mauritius completed the acquisition of 35.0 percent of the total issued capital stock of PICT for a purchase price of US\$60.3 million (PKR5.7 billion) to become the single biggest shareholder of PICT. With the acquisition of 35.0 percent equity interest in PICT, ICTSI Mauritius gained control over PICT effective October 19, 2012 resulting in majority board representation and the power to appoint the General Manager and Chief Financial Officer of PICT. ICTSI Mauritius further increased its ownership in PICT to 63.59 percent as of December 31, 2012. In March and June 2013, ICTSI Mauritius purchased additional shares of PICT which further increased its ownership to 64.53 percent. 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.

Port of Tanjung Priok, Jakarta, Indonesia. On July 3, 2012, ICTSI acquired a 100.0 percent equity interest in PT Perusahaan Bongkar Muat (PBM) Olah Jasa Andal (OJA) through its indirect majority-owned subsidiary, PT ICTSI Jasa Prima Tbk (JASA, formerly PT Karwell Indonesia Tbk) for a purchase price of US\$41.9 million. OJA is an Indonesian limited liability company engaged in the loading and unloading of general goods and/or containers at the Port of Tanjung Priok, Jakarta, Indonesia. OJA, at the date of acquisition, had existing cooperation agreements which have terms of two years that could be extended pursuant to applicable provision in each agreement. JASA was acquired on May 3, 2012 by ICTSI Far East Pte. Ltd. (IFEL). The acquisition by IFEL of an aggregate of 80.0 percent of the outstanding and issued shares of stock of JASA resulted in IFEL becoming the new controlling shareholder of JASA. JASA is a listed company in Indonesia originally engaged in garment and textile industry which stopped commercial operations. The purpose of the acquisition was to save and preserve the going concern of JASA so that JASA could engage in the development, construction and operation of terminals and maritime logistic infrastructure. On June 5, 2013, OJA signed a 15-year Cooperation Agreement with PT Pelabuhan Indonesia II (Persero) Tanjung Priok Branch for international container stevedoring services.

Hijo International Port, Davao, Philippines. In 2012, ICTSI, through its wholly-owned subsidiary, Abbotsford Holdings, Inc., together with Hijo Resources Corp., a diversified group involved in leisure and tourism, agribusiness, property development and port operations, invested in Hijo International Port Services, Inc. (HIPS) for the construction, development and operation of Hijo International Port (also referred to as “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. ICTSI owns 65.0 percent of HIPS. Under the management of ICTSI, HIPS will develop and upgrade the facilities and capacity of Hijo Port to handle containerized cargo, especially banana in refrigerated containers. Such upgrade will be implemented in phases. HIPS is currently handling break bulk cargo.

Puerto Cortés, Honduras. On February 1, 2013, ICTSI won and was awarded the Contract for the Design, Financing, Construction, Preservation, Operation and Development of the Container and General Cargo Terminal of Puerto Cortés (“Agreement”) in the Republic of Honduras for a period of 29 years through a public hearing held in Tegucigalpa, Honduras. On March 13, 2013, ICTSI and ICTSI Brazil Ltd. established Operadora de Puerto Cortés, S.A. de C.V. (OPC) to sign the Agreement with the Republic of Honduras acting through the Commission for the Public-Private Alliance Promotion (COALIANZA), a decentralized legal entity of the Presidency of the Republic. The said Agreement was signed on March 21, 2013 and shall be valid until August 30, 2042. OPC shall operate the Container and General Cargo Terminal of Puerto Cortés (“Terminal”) and it shall carry out the design, financing, construction, preservation, and development of the Terminal and the provision of its Services according to certain service and productivity levels. OPC started commercial operations in December 2013.

River Port, Matadi, Democratic Republic of Congo. On January 23, 2014, the Company, through its subsidiary ICTSI Cooperatief U.A. (ICTSI Cooperatief), forged a business partnership with La Societe de Gestion Immobiliere Lengo (SIMOBILE) for the establishment and formation of a joint venture company, ICTSI DR Congo (IDRC). IDRC, which is 60.0 percent-owned by ICTSI Cooperatief, will build, manage, develop and operate the same as a new container terminal in phases, as well as provide exclusive container handling services and general cargo services therein. Phase 1 is expected to be completed within 18 to 24 months from the start of construction. The construction of the terminal commenced in January 2015 and is expected to commence initial operations in the middle of 2016.

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

Webb Dock Container Terminal and ECP at Webb Dock East, Port of Melbourne, Australia. On May 2, 2014, ICTSI, through its subsidiary in Australia, Victoria International Container Terminal Ltd. (VICT), signed a contract with Port of Melbourne Corporation (POMC) for the design, construction, commissioning, operation, maintaining and financing of the Webb Dock Container Terminal (“Terminal”) and Empty Container Park (ECP) at Webb Dock East (WDE) in the Port of Melbourne. VICT is initially 90.0 percent owned by ICTSI through IFEL, and 10.0 percent by Anglo Ports Pty Limited (“Anglo Ports”). Subsequently, on February 4, 2015, IFEL acquired the 10.0 percent non-controlling interest from Anglo Ports and became 100.0 percent owner of VICT. The contract grants VICT the rights to: (a) design, build and commission the new Terminal at berths WDE 4 and WDE 5, (b) design, build and commission the new ECP at WDE, and (c) operate the Terminal and ECP until June 30, 2040.

Phase 1 construction of the Terminal and ECP commenced in the fourth quarter of 2014 and expected to start operations at the end of 2016. Phase 2 is expected to start operations at the end 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 was 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.

On December 28, 2012, TICT filed a Notice of Termination on its 10-year Investment Agreement with Tartous Port General Company (TPGC), which was executed in accordance with the terms and conditions of the Investment Agreement, specifically “unforeseen change of circumstances” and “Force Majeure”. The change of circumstances was brought about by civil unrest and violence in Syria, which had gravely affected businesses and trade in the country. In early 2013, TPGC submitted to arbitration TICT’s termination notice. Thereafter, on April 1, 2014, ICTSI, through TICT, received a decision from the arbitration panel. TPGC has yet to file an execution in Syria for the decision to be executory. Meanwhile, TICT filed a revocation case against the chairman of the arbitration panel essentially on the ground that the decision is illegal, unjustified, against any legal principles and expert’s reports and without the concurrence of all the

members of the arbitration panel, among many other irregularities. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from the existing legal actions and proceedings, if any, will not have a material adverse impact on the Group's audited consolidated financial position and results of operations.

On September 18, 2013, ICTSI and PSA International Pte. Ltd. (PSA), through their wholly-owned subsidiaries, signed a Share Purchase Agreement whereby ICTSI agreed to the purchase by PSA of 45.64 percent of SPIA's issued and outstanding share capital, subject to certain conditions precedent to completion. On October 31, 2013, PSA finalized and completed its investment in SPIA. With the completion of the investment, ICTSI and PSA, through their respective subsidiaries, now jointly own 91.29 percent of issued and outstanding share capital of SPIA. Accordingly, SPIA ceased to be a consolidated subsidiary effective November 1, 2013 and became a joint venture entity accounted for under the equity method. The effect of deconsolidation of SPIA effective November 1, 2013 is not material.

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

Results of Operations and Key Performance Indicators

The following table shows a summary of the results of operations for the year ended December 31, 2014 as compared with the same period in 2013 as derived from the accompanying audited consolidated financial statements.

Table 6.1 Audited Consolidated Statements of Income

<i>In thousands, except % change data</i>	For the Years Ended December 31				
	2012	2013	2014	% Change 2012 vs 2013	% Change 2013 vs 2014
Gross revenues from port operations	US\$729,308	US\$852,394	US\$1,061,152	16.9	24.5
Revenues from port operations, net of port authorities' share	626,416	736,859	897,504	17.6	21.8
Total income (net revenues, interest and other income)	648,492	757,330	968,736	16.8	27.9
Total expenses (operating, financing and other expenses)	456,652	542,363	723,341	18.8	33.4
EBITDA ¹	307,563	377,323	443,009	22.7	17.4
EBIT ²	226,818	277,839	321,323	22.5	15.7
Net income attributable to equity holders of the parent	143,158	172,380	181,988	20.4	5.6
Earnings per share					
Basic	US\$0.059	US\$0.072	US\$0.075	22.0	4.2
Diluted	0.058	0.071	0.075	22.4	4.6

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

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

<i>In thousands, except % change data</i>	For the Years Ended December 31				
	2012	2013	2014	% Change 2012 vs 2013	% Change 2013 vs 2014
Net income attributable to equity holders of the parent	US\$143,158	US\$172,380	US\$181,988	20.4	5.6
Non-controlling interests	592	8,292	9,525	1300.7	14.9
Provision for income tax	48,090	34,295	53,882	(28.7)	57.1
Income before income tax	191,840	214,967	245,395	12.1	14.2
Add (deduct):					
Depreciation and amortization	80,745	99,484	121,686	23.2	22.3
Interest and other expenses	57,054	83,343	147,160	46.1	76.6
Interest and other income	(22,076)	(20,471)	(71,232)	(7.3)	248.0
EBITDA	US\$307,563	US\$377,323	US\$443,009	22.7	17.4

Key Performance Indicators

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

2014 Compared with 2013

Gross moves per hour per crane at key terminals which consist of MICT, CGSA, PICT, TSSA, BCT, YRDICTL/YICT and MICTSL ranged from 15.3 to 31.3 moves per hour in 2013 to 16.5 to 29.9 moves per hour in 2014. Crane availability ranged from 80.0 percent to 99.8 percent in 2013 to 91.0 percent to 99.9 percent in 2014. Berth utilization was at 24.2 percent to 93.1 percent in 2013 and 23.1 percent to 105.2 percent in 2014.

2013 Compared with 2012

Gross moves per hour per crane at key terminals which consist of MICT, CGSA, PICT, TSSA, BCT, YRDICTL and MICTSL ranged from 14.0 to 30.2 moves per hour in 2012 to 15.3 to 31.3 moves per hour in 2013. Crane availability ranged from 85.0 percent to 99.9 percent in 2012 to 80.0 percent to 99.8 percent in 2013. Berth utilization was at 21.7 percent to 80.0 percent in 2012 and 24.2 percent to 93.1 percent in 2013.

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

TEU Volume

The Group's consolidated volume increased by 17.9 percent to 7,438,635 TEUs for the year ended December 31, 2014 from 6,309,840 TEUs for the same period in 2013 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. Key terminals, consisting of MICT, PICT, CGSA, TSSA, BCT, YRDICTL/YICT and MICTSL, reported a combined growth of 5.2 percent year-on-year.

The Asia operations, comprised of terminals in the Philippines, China, Indonesia and Pakistan, handled 3,820,572 TEUs for the year ended December 31, 2014, a 0.8 percent increase from the 3,790,334 TEUs handled for the same period in 2013 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 from 1,725,324 TEUs for the year ended December 31, 2013 to 2,687,447 TEUs for the same period in 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 from 794,182 TEUs for the year ended December 31, 2013 to 930,616 TEUs for the same period in 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 6.3 Total Income

<i>(In thousands, except % change data)</i>	For the Years Ended December 31		
	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 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.

The Asia, Americas and EMEA segments grew by 16.1 percent, 39.5 percent and 16.4 percent, respectively. On the other hand, key terminals reported a combined growth of 10.2 percent year-on-year.

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 Brazilian Reais (BRL) 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 6.4 **Total Expenses**

<i>(In thousands, except % change data)</i>	For the Years Ended December 31		
	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 an impairment charge on the goodwill of Tecplata in 2014 amounting to US\$38.1 million. The 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 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 US\$0.075 in 2014 due to stronger operating results.

Comparison of Operating Results for the Years Ended December 31, 2013 and 2012

TEU Volume

Consolidated throughput handled by the Group increased by 12.1 percent from 5,628,021 TEUs for the year ended December 31, 2012 to 6,309,840 TEUs for the year ended December 31, 2013 mainly due to the continuous improvement in international and domestic trade; new shipping lines and routes; full year contribution of new terminals, OJA and PICT, which were consolidated in August 2012 and October 2012, respectively; and the start of commercial operations of new terminals, CMSA and OPC beginning November 2013 and December 2013, respectively. Excluding the impact of new terminals and the 2012 contribution of TICT, which ceased operating in January 2013, consolidated volume would have increased

by 1.8 percent in 2013. Key terminals, consisting of MICT, CGSA, TSSA, BCT, YRDICTL and MICTSL reported a combined growth of 3.9 percent year-on-year. Effective January 2013, PICT is considered a key terminal.

Volume handled by the Asia operations, comprised of terminals in the Philippines, China, Indonesia and Pakistan, increased by 17.4 percent from 3,228,432 TEUs for the year ended December 31, 2012 to 3,790,334 TEUs for the year ended December 31, 2013 mainly due to the continuous improvement in international and domestic trade, new shipping lines and routes, and the full year contribution of PICT and OJA. Excluding PICT and OJA, volume would have been relatively flat due to the slowdown in banana production and exportation at DIPSSCOR. The Asia operations accounted for 57.4 percent and 60.1 percent of the consolidated volume for the years ended December 31, 2012 and 2013, respectively.

Throughput from the Americas segment, composed of terminals in Brazil, Ecuador, Honduras, Mexico and The United States of America, went up by 9.5 percent from 1,576,118 TEUs for the year ended December 31, 2012 to 1,725,324 TEUs for the year ended December 31, 2013. The increase was mainly attributed to new shipping lines and continuous recovery of banana production and exportation at CGSA; higher imports and exports arising from the deployment of new companies in Pernambuco state at TSSA; and contribution of new terminals, CMSA and OPC, which started commercial operations in November 2013 and December 2013, respectively. Excluding CMSA and OPC, the segment's volume would have increased by 5.4 percent in 2013. Meanwhile, ICTSI Oregon reported a marginal 1.5 percent decline due to lower vessel calls. The Americas operations captured 28.0 percent and 27.3 percent of the consolidated volume for the years ended December 31, 2012 and 2013, respectively.

Meanwhile, the EMEA operations, consisting of terminals in Poland, Georgia, Madagascar, Croatia, and Syria (until December 2012), reported a 3.6 percent decline from 823,471 TEUs for the year ended December 31, 2012 to 794,182 TEUs for the same period in 2013 primarily due to weaker short sea trade and unifeeder operations at BCT, lower vessel calls at BICT, and the cessation of terminal operations at TICT beginning January 2013. Excluding TICT's contribution in 2012, volume would have increased marginally by 0.4 percent in 2013. The EMEA operations accounted for 14.6 percent and 12.6 percent of the Group's consolidated volume for the years ended December 31, 2012 and 2013, 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, 2012 and 2013:

Table 6.5 Total Income

<i>(In thousands, except % change data)</i>	For the Year Ended December 31		
	2012	2013	% Change
Gross revenues from port operations	US\$729,308	US\$852,394	16.9
Port authorities' share in gross revenues	102,892	115,535	12.3
Net revenues	626,416	736,859	17.6
Interest income	7,789	12,025	54.4
Foreign exchange gain	10,657	3,663	(65.6)
Other income	3,630	4,783	31.8
	US\$648,492	US\$757,330	16.8

In 2013, net revenues accounted for 97.3 percent of the total consolidated income while foreign exchange gain represented 0.5 percent. In 2012, net revenues and foreign exchange gain stood at 96.6 percent and 1.6 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.

Consolidated gross revenues from port operations grew by 16.9 percent from US\$729.3 million for the year ended December 31, 2012 to US\$852.4 million for the year ended December 31, 2013 due to volume growth; tariff rate adjustments in certain terminals; favorable volume mix; new and renegotiated contracts with shipping lines and forwarders; higher revenues from storage and ancillary services; full year contribution of PICT and OJA; and the addition of new terminals, CMSA and OPC. Excluding PICT, OJA, CMSA and OPC, and the 2012 contribution of TICT, gross revenues would have increased by 7.2 percent in 2013. The increase, however, was reduced by the 10.5 percent depreciation of the Brazilian Reais (BRL) against the US dollar. Excluding the translation impact of BRL, consolidated gross revenues would have increased by 18.3 percent in 2013. The Asia, Americas and EMEA segments reported 26.5 percent, 8.3 percent, and 4.6 percent growth, respectively. Key terminals posted a combined growth of 5.8 percent year-on-year.

The Asia segment reported a double-digit growth in gross revenues of 26.5 percent from US\$362.0 million for the year ended December 31, 2012 to US\$457.9 million for the same period in 2013 mainly due to volume growth; tariff rate adjustments at MICT, YRDICTL and DIPSSCOR; favorable volume mix; stronger revenues from storage and ancillary services; and full contribution of PICT and OJA. Excluding PICT and OJA, gross revenues would have increased by 8.9 percent in 2013. The Asia operations captured 49.6 percent and 53.7 percent of the consolidated gross revenues for the years ended December 31, 2012 and 2013, respectively.

Gross revenues from the Americas segment increased by 8.3 percent from US\$281.0 million for the year ended December 31, 2012 to US\$304.3 million for the year ended December 31, 2013 mainly due to improved tariff rates negotiated with certain shipping lines at ICTSI Oregon; new shipping lines at CGSA; and the contribution of new terminals, CMSA and OPC. Excluding CMSA and OPC, gross revenues would have increased by 4.9 percent in 2013. On the other hand, TSSA posted a 1.3 percent decline in gross revenues resulting from a weaker BRL against US dollar. Excluding the translation impact of BRL, Americas' gross revenues would have increased by 12.1 percent in 2013. The Americas operations accounted for 38.5 percent and 35.7 percent of the consolidated gross revenues for the years ended December 31, 2012 and 2013, respectively.

Meanwhile, gross revenues from the EMEA operations grew by 4.6 percent from US\$86.3 million for the year ended December 31, 2012 to US\$90.3 million for the year ended December 31, 2013 primarily due to volume growth and tariff rate adjustment at MICTSL; new contracts with shipping lines and forwarders, and surge in storage and general cargo revenues at AGCT; and favorable mix and growth in project cargoes at BCT. Meanwhile, the drop in general cargo revenues at BICT, and the cessation of terminal operations at TICT beginning January 2013 tapered the growth in gross revenues. Excluding TICT's contribution in 2012, gross revenues would have increased by 7.7 percent in 2013. The EMEA operations stood at 11.8 percent and 10.6 percent of the consolidated gross revenues for the years ended December 31, 2012 and 2013, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities, surged by 12.3 percent from US\$102.9 million for the year ended December 31, 2012 to US\$115.5 million for the same period in 2013 due to strong revenues and contribution of new terminals.

Interest Income, Foreign Exchange Gain, Interest Income and Other Income

Foreign exchange gain decreased by 65.6 percent from US\$10.7 million for the year ended December 31, 2012 to US\$3.7 million for the year ended December 31, 2013 primarily due to a weaker Philippine peso (2013: -8.1%; 2012:+6.4%) and Colombian peso (2013: -9.2%; 2012: +8.8%) against the US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Consolidated interest income surged by 54.4 percent from US\$7.8 million for the year ended December 31, 2012 to US\$12.0 million for the year ended December 31, 2013 arising mainly from the interest income earned from Tecplata's cash deposits and placements.

Other income was up by 31.8 percent from US\$3.6 million for the year ended December 31, 2012 to US\$4.8 million for the year ended December 31, 2013 mainly due to the gain on settlement of insurance claim at BCT amounting to US\$1.2 million in 2013.

Total Expenses

The table below shows the breakdown of total expenses for 2012 and 2013.

Table 6.6 Total Expenses

<i>(In thousands, except % change data)</i>	For the Year Ended December 31		
	2012	2013	% Change
Manpower costs	US\$140,009	US\$154,587	10.4
Equipment and facilities-related expenses	93,766	105,334	12.3
Administrative and other operating expenses	85,079	99,616	17.1
Total cash operating expenses	318,854	359,537	12.8
Depreciation and amortization	80,745	99,484	23.2
Interest expense and financing charges on borrowings	30,400	42,653	40.3
Interest expense on concession rights payable	16,659	27,943	67.7
Foreign exchange loss and others	9,994	12,746	27.5
	US\$456,652	US\$542,363	18.8

Total cash operating expenses of the Group grew by 12.8 percent from US\$318.9 million for the year ended December 31, 2012 to US\$359.5 million for the year ended December 31, 2013 due to higher volume-related expenses such as on-call labor and contracted services, repairs and maintenance, and fuel consumption. In addition, higher manpower costs arising from government-mandated and contracted salary rate adjustments in certain terminals; full contribution of PICT and OJA; and addition of new terminals, CMSA and OPC, contributed to the growth in cash operating expenses. Excluding PICT, OJA, CMSA, and OPC, and the 2012 contribution of TICT, cash operating expenses would have increased by 2.6 percent in 2013. Meanwhile, the continuous depreciation of BRL against the US dollar tapered the growth in cash operating expenses. Excluding BRL impact, cash operating expenses of the Group would have increased by 14.0 percent in 2013.

Manpower Costs

Manpower costs grew by 10.4 percent from US\$140.0 million for the year ended December 31, 2012 to US\$154.6 million for the year ended December 31, 2013 due to higher on-call labor and contracted services driven by volume-growth; government-mandated and contracted salary rate adjustments in certain terminals such as MICT, DIPSSCOR, YRDICTL, BCT, MICTSL, CGSA and TSSA; full year contribution of PICT and OJA; and the addition of new terminals, CMSA and OPC. Excluding PICT, OJA, CMSA and OPC, and the 2012 contribution of TICT, manpower cost would have increased by 5.3 percent in 2013.

Manpower costs accounted for 43.9 percent and 43.0 percent of cash operating expenses for the years ended December 31, 2012 and 2013, 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 grew by 12.3 percent from US\$93.8 million for the year ended December 31, 2012 to US\$105.3 million for the year ended December 31, 2013 mainly due to higher repairs and maintenance costs and fuel consumption driven by volume growth; full year contribution of PICT and OJA; and the addition of CMSA and OPC. Excluding PICT, OJA, CMSA and OPC, and the 2012 contribution of TICT, equipment and facilities-related expenses would have decreased by 6.7 percent in 2013 due to cost savings derived from rent rebate at ICTSI Oregon, cancellation of equipment rentals at TSSA, and reduced power consumption brought about by efficiency and lower utilization of reefers.

Equipment and facilities-related expenses represented 29.4 percent and 29.3 percent of cash operating expenses for the years ended December 31, 2012 and 2013, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses surged by 17.1 percent from US\$85.1 million for the year ended December 31, 2012 to US\$99.6 million for the year ended December 31, 2013 mainly due to extensive business development activities resulting in higher professional fees and travel and transportation expenses; higher taxes and licenses and insurance; full year contribution of PICT and OJA; and the addition of new terminals, CMSA and OPC. Excluding PICT, OJA, CMSA and OPC, and the 2012 contribution of TICT, administrative and other operating expenses would have increased by 8.7 percent in 2013.

Administrative and other operating expenses stood at 26.7 percent and 27.7 percent of the total cash operating expenses for the years ended December 31, 2012 and 2013, respectively.

Depreciation and Amortization

Depreciation and amortization expense was up by 23.2 percent from US\$80.7 million for the year ended December 31, 2012 to US\$99.5 million for the year ended December 31, 2013 mainly due to the US\$8.1 million increase in amortization of concession rights arising from the renewal of contract at MICT; acquisition of port equipment and completion of yard facilities improvements at certain key terminals; full year contribution of PICT and OJA; and the addition of new terminals, CMSA and OPC. Excluding new terminals, and the 2012 contribution of TICT, depreciation and amortization expense would have increased by 20.0 percent in 2013.

Interest and Financing Charges on Borrowings

Financing charges increased by 40.3 percent from US\$30.4 million for the year ended December 31, 2012 to US\$42.7 million for the year ended December 31, 2013 primarily due to higher outstanding interest-bearing debt as of December 31, 2013 (US\$951.8 million) compared to the same period in 2012 (US\$781.3 million) arising from the issuance of US\$400.0 million MTN which were used to refinance some of ICTSI's existing debt and for other general corporate purposes, and the availment of term loans by CGSA, BCT and AGCT during the year. Financing charges are net of capitalized borrowing costs on qualifying assets principally at MICT, CMSA, CGSA, SPIA and Tecplata amounting to US\$30.3 million and US\$35.6 million for the years ended December 31, 2012 and 2013, respectively. Capitalization rate decreased from 9.0 percent in 2012 to 7.6 percent in 2013.

Interest Expense on Concession Rights Payable

Interest on concession rights payable surged by 67.7 percent from US\$16.7 million for the year ended December 31, 2012 to US\$27.9 million for the same period in 2013 arising mainly from the renewal of MICT's concession contract effective May 19, 2013 which resulted in a US\$9.9 million increase in interest on concession rights payable for the year ended December 31, 2013. Concession rights payable recognized on renewal amounted to US\$348.5 million.

Foreign Exchange Loss and Others

Foreign exchange loss and others grew by 27.5 percent from US\$10.0 million for the year ended December 31, 2012 to US\$12.7 million for the same period in 2013 primarily due to the depreciation of Philippine Peso (2013: -8.1%; 2012: +6.4%) and Colombian Peso (2013: -9.2%; 2012: +8.8%) against the US dollar.

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

EBITDA and EBIT

Consolidated EBITDA increased by 22.7 percent from US\$307.6 million for the year ended December 31, 2012 to US\$377.3 million for the year ended December 31, 2013 primarily due to volume growth; stronger revenues arising from tariff rate adjustments, new shipping lines, and favorable volume mix; higher revenues from BBC and general cargo, storage, and ancillary services; and the full year contribution of PICT. Excluding PICT, OJA, CMSA and OPC, and the 2012 contribution of TICT, consolidated EBITDA would have increased by 11.9 percent in 2013. Consequently, EBITDA margin increased from 42.2 percent in 2012 to 44.3 percent in 2013.

Meanwhile, despite higher depreciation and amortization expense, consolidated EBIT grew by 22.5 percent from US\$226.8 million for the year ended December 31, 2012 to US\$277.8 million for the year ended December 31, 2013 mainly due to stronger revenues. As a result, EBIT margin increased from 31.1 percent in 2012 to 32.6 percent in 2013.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 12.1 percent from US\$191.8 million for the year ended December 31, 2012 to US\$215.0 million for the year ended December 31, 2013 primarily due to stronger revenues despite higher depreciation and amortization expense and other non-operating expense items such as interest expense and financing charges on borrowings and interest on concession rights

payable. The ratio of income before income tax to consolidated gross revenues stood at 26.3 percent and 25.2 percent in 2012 and 2013, respectively.

Consolidated provision for current and deferred income taxes dropped by 28.7 percent from US\$48.1 million for the year ended December 31, 2012 to US\$34.3 million for the same period in 2013 primarily due to the recognition of deferred income tax benefit on unrealized foreign exchange loss and higher income tax holiday incentive of MICT's Berth 6 amounting to US\$10.4 million in 2013 and US\$2.9 million in 2012.

Net Income

Consolidated net income surged by 25.7 percent from US\$143.8 million for the year ended December 31, 2012 to US\$180.7 million for the year ended December 31, 2013 due mainly to stronger operating income, tapered by higher depreciation and amortization expenses and other non-operating expense items such as interest expense and finance charges on borrowings and interest on concession rights payable. The ratio of consolidated net income to gross revenues stood at 19.7 percent and 21.2 percent in 2012 and 2013, respectively.

Net income attributable to equity holders or net profits excluding non-controlling interests grew by 20.4 percent from US\$143.2 million for the year ended December 31, 2012 to US\$172.4 million for the same period in 2013.

Basic and diluted earnings per share increased from US\$0.059 and US\$0.058, respectively, in 2012 to US\$0.072 and US\$0.071, respectively, in 2013 due to stronger operating results.

There were no significant elements of income or expense outside the Group's continuing operations for the year ended December 31, 2013.

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, may have a negative impact on the Group's reported levels of revenues and profits.

Financial Position

Table 6.7 Consolidated Balance Sheets

<i>(In thousands, except % change data)</i>	As of December 31				
	2012	2013	2014	% Change 2012 vs 2013	% Change 2013 vs 2014
Total assets	US\$2,333,014	US\$3,087,640	US\$3,400,770	32.3	10.1
Current assets	353,771	428,560	359,623	21.1	(16.1)
Total equity	1,110,236	1,353,237	1,473,565	21.9	8.9
Total equity attributable to equity holders of the parent	991,788	1,249,578	1,316,042	26.0	5.3
Total interest-bearing debt	781,343	951,788	1,070,447	21.8	12.5
Current liabilities	456,312	228,754	283,545	(49.9)	24.0
Total liabilities	1,222,778	1,734,403	1,927,205	41.8	11.1
Current assets/total assets	15.2%	13.9%	10.6%		
Current ratio	0.78	1.87	1.27		
Debt-equity ratio ¹	0.70	0.70	0.73		

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

Total assets increased by 10.1 percent to US\$3.4 billion as of December 31, 2014 from US\$3.1 billion as of December 31, 2013 mainly due to investments in port facilities and equipment at Tecplata, OPC, BCT, and new projects at VICT, ICTSI Iraq and IDRC; additions to port facilities and equipment at YICT as a result of the consolidation in July 2014; 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 by cash generated from the Group's operations, proceeds from the sale of subsidiaries, and proceeds from the issuance of the US\$75.0 million medium-term notes under ICTSI Treasury's MTN Programme in April 2014, and from the Parent Company's, BCT's and CGSA's long and short-term loans obtained during the year. Non-current assets stood at 86.1 percent and 89.4 percent of the total consolidated assets as of December 31, 2013 and 2014, respectively.

Current assets decreased by 16.1 percent from US\$428.6 million as of December 31, 2013 to US\$359.6 million as of December 31, 2014 primarily due to optimization of cash and cash equivalents balance maintained and continuous deployment of funds for capital expenditures tapered by higher receivables arising from the revenue contribution of new terminals. Current assets accounted for 13.9 percent and 10.6 percent of the total consolidated assets of the Group as of December 31, 2013 and 2014, respectively. Current ratio stood at 1.87 as of December 31, 2013 and 1.27 as of December 31, 2014.

Total equity went up by 8.9 percent to US\$1.5 billion as of December 31, 2014 from US\$1.4 billion as of December 31, 2013 mainly due to the higher net income generated for the year.

Total liabilities increased by 11.1 percent to US\$1.9 billion as of December 31, 2014 from US\$1.7 billion as of December 31, 2013 arising mainly from the issuance of US\$75.0 million medium-term notes under ICTSI Treasury's MTN Programme in April 2014; availment of long-term and short-term loans by the Parent Company, BCT and CGSA during the period to fund capital expenditures and general corporate requirements; acquisition of long-term loan of US\$43.5 million arising from the consolidation at YICT in July 2014; and the accrual of lease expense at VICT. The increase was reduced by loan repayments by the Parent Company and certain subsidiaries. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 30.8 percent and 31.5 percent as of December 31, 2013 and 2014, respectively.

Meanwhile, current liabilities surged by 24.0 percent to US\$283.5 million as of December 31, 2014 from US\$228.7 million as of December 31, 2013 mainly due to the addition of YICT's maturing loans, availment of short-term loans by the Parent Company and CGSA, and higher accounts payable arising from port equipment acquisitions mainly at VICT and ICTSI Iraq.

Material Variances Affecting the Balance Sheet

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

1. 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.
2. 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.
3. 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

4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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

10. Treasury shares declined by 14.4 percent to US\$1.2 million mainly due to the vesting of shares under the stock incentive plan.
11. 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.
12. 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.
13. 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

14. 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.
15. 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.
16. 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

17. 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.
18. 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.

19. 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.
20. 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.

Balance sheet accounts as of December 31, 2013 with variances of plus or minus 5.0 percent against December 31, 2012 balances are discussed, as follows:

Noncurrent Assets

21. Property and equipment increased by 21.9 percent to US\$708.1 million as of December 31, 2013 mainly due to civil works and acquisition of port equipment in certain terminals, particularly at CMSA and AGCT.
22. Intangibles, net of amortization, grew by 37.9 percent to US\$1.7 billion as of December 31, 2013 due mainly to the recognition of concession rights on the net present value of fixed fees and upfront fees related to the renewal of MICT's concession contract and OPC's new concession agreement aggregating US\$440.8 million in 2013, and ongoing port construction at Tecplata.
23. Investment properties declined by 59.6 percent to US\$12.6 million due to the reclassification of a subsidiary's investment property to non-current assets held for sale as of December 31, 2013 in relation to its impending sale in January 2014 under a Share Purchase Agreement entered into by the Parent Company in November 2013.
24. Deferred tax assets surged by 216.0 percent to US\$44.7 million as of December 31, 2013 mainly due to the recognition of deferred tax asset on unrealized foreign exchange loss of the Parent Company during the year.
25. Investment in and advances to a joint venture and associate amounting to US\$78.2 million as of December 31, 2013 pertains to the Group's investment in and advances to SPIA which was deconsolidated in October 2013 and is accounted for as a joint venture entity on the same date.

Current Assets

26. Cash and cash equivalents surged by 29.6 percent to US\$242.2 million as of December 31, 2013 from US\$186.8 million as of December 31, 2012 arising mainly from cash generated from stronger operating income, and the net funding from debt and equity capital of the Group. The Group generated funds from the issuance of common shares and sale of treasury shares aggregating US\$195.9 million and from availment of short and long-term borrowings by the Parent Company, ICTSI Treasury, CGSA, AGCT and BCT aggregating US\$442.1 million. The cash inflows were used for capital expenditures amounting to US\$477.6 million; principal and interest payments of short and long-term borrowings totaling US\$272.5 million and US\$42.7 million, respectively; dividend payments of US\$49.0 million; and distributions to holders of perpetual capital securities amounting to US\$29.3 million.
27. Receivables increased by 13.7 percent to US\$85.1 million as of December 31, 2013 due to stronger revenues towards the end of 2013 as compared to the same period in 2012.
28. Spare parts and supplies grew by 16.6 percent to US\$21.6 million as of December 31, 2013 primarily as a result of acquisition of port equipment spare parts at key terminals.
29. Non-current assets held for sale amounting to US\$16.3 million as of December 31, 2013 pertain to the investment property of a subsidiary which will be sold in January 2014 under a Share Purchase Agreement entered into by the Parent Company in November 2013.
30. Derivative assets decreased by 92.5 percent to US\$0.7 million mainly due to the maturity of cross-currency swaps covering the Philippine peso-denominated loans which were settled in 2013.

Equity

31. Additional paid-in capital increased by 58.9 percent to US\$526.5 million as of December 31, 2013 brought about by the issuance of common shares and sale of treasury shares in May 2013.

32. Treasury shares declined by 70.1 percent to US\$1.4 million mainly due to the sale of treasury shares in May 2013.
33. Excess of acquisition cost over the carrying value of non-controlling interests increased by 13.8 percent to US\$137.0 million due to the acquisition of non-controlling interests in PICT and Tecplata.
34. Retained earnings climbed by 20.4 percent to US\$649.7 million as of December 31, 2013 due to stronger net income for the year amounting to US\$172.4 million, reduced by dividends paid by the Parent Company and distributions to holders of perpetual capital securities amounting to US\$49.0 million and US\$29.3 million, respectively.
35. Other comprehensive loss increased by 41.5 percent to US\$120.3 million primarily due to the unfavorable translation of financial statements of certain terminals, particularly TSSA, CMSA and PICT arising from weaker BRL, MXN and PKR against the US dollar.

Noncurrent Liabilities

36. Long-term debt and debt securities, net of current portion, surged by 70.8 percent to US\$905.7 million mainly due to the issuance of US\$400.0 million medium-term notes under ICTSI Treasury's MTN Programme in January 2013 and February 2013, availments of Parent Company's medium-term loans amounting to US\$20.0 million, Euro term loan at AGCT of US\$14.6 million (€10.6 million), and term loan at BCT of US\$2.0 million. The borrowings were used to refinance maturing loans and fund capital expenditures. In September 2013, ICTSI also exchanged portion of its existing US\$450.0 million senior notes with a carrying value of US\$176.4 million and due in 2020, with the notes of ICTSI Treasury issued under the MTN Programme due in 2025, to extend the term for another five years.
37. Concession rights payable, net of current portion, increased by 228.0 percent to US\$531.7 million due to the recognition of concession rights payable on the net present value of fixed fees at MICT, OPC and AGCT amounting to US\$348.5 million, US\$41.0 million, and US\$4.1 million, respectively.
38. Deferred tax liabilities dropped by 9.6 percent to US\$60.9 million as of December 31, 2013 due to lower unrealized foreign exchange gain resulting from a weaker Philippine peso against the US dollar towards the end of the year.
39. Pension and other noncurrent liabilities increased by 11.1 percent to US\$7.4 million as of December 31, 2013 mainly due to pension costs adjustments at CGSA and BCT, and the addition of CMSA.

Current Liabilities

40. Loans payable was up by 17.4 percent to US\$12.0 million mainly due to the availment of CGSA's short-term loan with outstanding balance of US\$2.1 million as of December 31, 2013.
41. Accounts payable and other current liabilities declined by 11.3 percent to US\$159.6 million as of December 31, 2013 primarily due to payments to contractors at CMSA.
42. Current portion of long-term debt and debt securities dropped by 85.8 percent to US\$34.1 million as of December 31, 2013 arising from the following: repayment of the Parent Company's medium-term loans aggregating US\$160.0 million and Philippine peso-denominated term loans totaling US\$70.8 million (₱3.0 billion); and payment of loans and debt securities at CGSA, PICT and BCT amounting to US\$12.9 million, US\$4.9 million (PKR 497.9 million) and US\$0.8 million, respectively.
43. Current portion of concession rights payable grew by 60.4 percent to US\$7.2 million resulting mainly from higher annual concession fees payable arising from the renewal of concession contract at MICT in May 2013 and the recognition of concession rights payable at OPC.
44. Income tax payable decreased by 24.1 percent to US\$15.9 million as of December 31, 2013 mainly due to higher income tax holiday incentive at MICT's Berth 6 (2013: US\$10.4 million; 2012: US\$2.9 million).
45. Derivative liabilities was nil as of December 31, 2013.

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, 2012, 2013 and 2014:

Table 6.8 Consolidated Cash Flows

<i>(In thousands, except % change data)</i>	For the Year Ended December 31				
	2012	2013	2014	% Change <i>2012 vs 2013</i>	% Change <i>2013 vs 2014</i>
Net cash provided by operating activities	US\$285,830	US\$283,031	US\$387,821	(1.0)	37.0
Net cash used in investing activities	(588,853)	(442,292)	(339,952)	(24.9)	(23.1)
Net cash provided by (used in) financing activities	19,883	208,495	(94,138)	948.6	(145.2)
Effect of exchange rate changes on cash	12,349	6,156	(1,668)	(50.1)	(127.1)
Net increase (decrease) in cash and cash equivalents	(270,791)	55,390	(47,937)	(120.5)	(186.5)
Cash and cash equivalents, beginning	457,636	186,845	242,235	(59.2)	29.6
Cash and cash equivalents, end	US\$186,845	US\$242,235	US\$194,298	29.6	(19.8)

Consolidated 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.

Net cash provided by operating activities increased by 37.0 percent from US\$283.0 million for the year ended December 31, 2013 to US\$387.8 million for the same period in 2014 due to stronger consolidated results of operations in 2014 and contribution of new terminals.

Net cash used in investing activities dropped by 23.1 percent to US\$340.0 million mainly due to lower investments in capital expenditures during the period as a result of the completion of the construction of port facilities at CMSA in 2013. Capital expenditures for 2014 amounted to US\$279.0 million capturing 90.0 percent of the US\$310.0 million total capital expenditure budget for 2014. The established budget is mainly allocated for new and existing projects, civil works, system improvements, and major port equipment acquisitions. The Group finances these requirements through existing cash, cash generated from operations, external borrowings and/or equity issuances, as necessary. The 2014 net cash used in investing activities also includes US\$64.7 million advances granted to SPIA, a joint venture, for the Group's share on the ongoing construction of port facilities at the Port of Buenaventura, and the acquisition of 51.0 percent ownership interest in YICT, tapered by the proceeds from the sale of subsidiaries and termination of management contract in India.

Net cash used in financing activities for the year ended December 31, 2014 amounted to US\$94.1 million which consist mainly of interest payments on borrowings and concession rights payable totaling US\$92.4 million; scheduled repayments of certain subsidiaries' short and long-term loans aggregating US\$53.8 million; payment of dividends of US\$49.6 million; distributions to holders of perpetual capital securities amounting to US\$29.3 million; and acquisition of minority interest of US\$6.0 million. These were tapered by the proceeds from the issuance of additional US\$75.0 million medium-term notes under ICTSI Treasury's MTN Programme; proceeds from BCT's new term loan; and CGSA's short-term loan. Meanwhile, the net cash provided by financing activities for the same period in 2013 include mainly the proceeds from equity transactions of US\$195.9 million in May 2013 and issuance of US\$400.0 million medium-term notes under ICTSI Treasury's MTN Programme which were raised to fund investments in capital expenditures and refinance maturing loans.

Capital Resources

The table below illustrates the Group's capital sources as of December 31, 2012, 2013 and 2014:

Table 6.9 Capital Sources

<i>(In thousands, except % change data)</i>	As of December 31				
	2012	2013	2014	% Change	% Change
				2012 vs 2013	2013 vs 2014
Loans payable	US\$10,226	US\$12,010	US\$24,479	17.4	103.8
Current portion of long-term debt	240,776	34,080	47,774	(85.8)	40.2
Long-term debt, net of current portion	530,341	905,698	998,194	70.8	10.2
Total short and long-term debt	781,343	951,788	1,070,447	21.8	12.5
Equity	1,110,236	1,353,237	1,473,565	21.9	8.9
	US\$1,891,579	US\$2,305,025	US\$2,544,012	21.9	10.4

The Group's total debt and equity capital increased by 10.4 percent as of December 31, 2014 primarily due to stronger net income and increase in debt financing activities to fund expansion projects and capital expenditures, repayment of maturing loans, and other general corporate requirements.

Debt Financing

The table below provides the breakdown of the Group's outstanding loans as of December 31, 2014:

Table 6.10 Outstanding Loans

<i>(In thousands)</i>	Company	Final Maturity	Interest Rate	Amount
Short-Term Debt				
Unsecured US Dollar Term Loan	Parent	2015	Floating	US\$19,902
RMB Term Loan	YICT	2015	Fixed	2,900
Unsecured US Dollar Term Loan	CGSA	2015 - 2016	Fixed	1,677
				24,479
Long-Term Debt				
Unsecured US Dollar Term Loan	Parent	2015	Floating	19,914
Unsecured US Dollar Bond	Parent	2020	Fixed	271,692
Unsecured US Dollar Bond	ITBV	2023 - 2025	Fixed	638,254
Secured US Dollar Term Loan	BCT	2021	Floating	23,459
Unsecured US Dollar Securities	CGSA	2016	Fixed/Floating	30,489
Secured Pakistani Rupee Term Loan	PICT	2017	Floating	14,860
Secured Euro Term Loan	AGCT	2023 - 2024	Floating	11,488
Secured RMB Term Loan	YICT	2016	Floating	35,812
				1,045,968
Total Debt				1,070,447
Less current portion and short-term				72,253
Long-term debt, net of current portion				US\$998,194

As of December 31, 2014, 88.7 percent of the Group's total debt capital is held by the Parent and ICTSI Treasury, out of which the US\$271.7 million senior notes issued in 2010 and due in 2020 and US\$638.3 million MTN issued in 2013 and due in 2023 to 2025 formed 85.0 percent of the Group's debt capital.

The table below is a summary of debt maturities, net of unamortized debt issuance cost, of the Group as of December 31, 2014:

Table 6.11 Outstanding Debt Maturities

<i>(In thousands)</i>	Amount
2015	US\$47,774
2016	52,032
2017	5,606
2018	3,469
2019 and onwards	937,087
Total	US\$1,045,968

MTN Programme

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

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

Moreover, on January 28, 2013, ICTSI Treasury and ICTSI signed a Subscription Agreement with UBS AG, Hong Kong Branch, for the issuance of an additional 10-year US\$100.0 million guaranteed MTN (the “MTN Tap”) to form a single series with the Original MTN discussed in the preceding paragraph. The MTN Tap were issued on February 4, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent p.a., net of applicable taxes, set at a price of 101.25 and payable semi-annually in arrears. 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.

The aggregate net proceeds of the MTN amounting to US\$393.8 million were used to fund new projects and capital expenditures, refinance some of ICTSI’s existing debt and for other general corporate purposes.

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, 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 25, 2014, the Board of Directors of ICTSI approved the issuance of additional notes amounting to US\$75.0 million to be consolidated to form a single series with the US\$207.5 million, 5.875 percent p.a. guaranteed notes due 2025 issued on September 17, 2013. The said notes were issued on April 30, 2014.

As of December 31, 2014, outstanding notes under the MTN Programme were US\$638.3 million.

The MTN were not registered with the SEC. The MTN were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act of 1933, as amended, and, subject to

certain exceptions, may not be offered or sold within the United States. The MTN are traded and listed in the Singapore Stock Exchange.

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, ICTSI Global Finance B.V. (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 from signing date, July 24, 2014.

No amount has been drawn down from the programme as of December 31, 2014.

US dollar and Foreign Currency-denominated Term Loans and Securities

Parent Company. In October 2013, ICTSI availed of unsecured medium-term loan from Australia and New Zealand Banking Group Limited, Manila Branch, amounting to US\$20.0 million for general corporate requirements. The loan bears interest at prevailing market rates, ranging from 1.1182 percent to 1.1479 percent. The loan matured in November 2014 and was renewed for another year until December 4, 2015.

BCT. In July 2014, BCT entered into a term loan facility agreement for US\$36.0 million with HSBC to refinance its existing loan with Bank Polska Kasa Opieki S.A. (Bank Polska) and to fund capital expenditure projects supported by the European Union grants. The HSBC loan facility agreement bears an interest of 1.70 percent over LIBOR. On September 2, 2014, the Company availed US\$19.6 million from the loan facility agreement to prepay the Bank Polska loan and fund capital expenditures. As of December 31, 2014, the aggregate outstanding balance under the term loan facility, net of related debt issuance cost, amounted to US\$23.5 million.

CGSA. In January and August 2011 and in 2014, CGSA availed of two-year unsecured Term Loans with local banks, namely, Banco Bolivariano, Banco Del Pacifico, Banco De Guayaquil, Banco Internacional and Banco Pichincha ("Local Banks in Ecuador") totaling US\$7.5 million and US\$4.5 million, respectively, to finance capital expenditures and working capital requirements. The Term Loans with Local Banks in Ecuador bear a fixed interest rate of 8.0 percent and 7.5 percent, respectively, with the principal payable in monthly installments. The aggregate outstanding balance of the Term Loans with Local Banks in Ecuador amounted to US\$4.0 million as of December 31, 2014.

On September 23, 2011, CGSA engaged in a fiduciary contract as originator for a securitization arrangement under which it transferred its receivables and future operating revenues from selected customers to a special purpose trust. On October 24, 2011, the special purpose trust was officially approved to issue securities in three series against the securitized assets in the aggregate principal amount of US\$60.0 million with each series to mature within five years from date of issue. Series A bears variable interest at the rate of 2.5 percent plus the reference interest rate for savings posted by Central Bank of Ecuador subject to a readjustment every quarter, while Series B and Series C bear interest at a fixed rate of 7.5 percent. Principal and interest are payable quarterly for each series.

The proceeds of the securitization issue, which were remitted to CGSA as consideration for the securitized assets, were used to finance capital expenditures and expansion of port operations. The securities issued pursuant to the securitization agreement are currently registered with and traded in the Ecuadorian stock

market. As of December 31, 2014, the outstanding principal balance of securities amounted to US\$26.7 million.

YICT. The Company acquired, through the consolidation of YICT, the short and long term loans of DP World Yantai with outstanding balances of US\$4.6 million (RMB 28.0 million) and US\$39.0 million (RMB 222.2 million) as of June 30, 2014, respectively. The short-term loan bears an interest rate of 6.15 percent per annum and will mature on April 30, 2015. On the other hand, the long-term loan with Agricultural Bank of China, which was availed principally to finance the development project related to the construction of the container terminal, bears an interest rate of 6.15 percent per annum and will mature on December 7, 2014. On December 8, 2014, YICT signed a two-year loan agreement to refinance the long-term loan bearing a lower interest rate of 6.0 percent per annum. As of December 31, 2014, the outstanding balances of the short and long-term loans of YICT amounted to US\$2.9 million (RMB 18.0 million) and US\$35.8 million (RMB 222.2 million), respectively.

PICT. On July 11, 2011, PICT signed a five-year Rs.2.5 billion (equivalent to US\$29.1 million) Agreement for Financing on Mark-up Basis with Faysal Bank Limited. The loan carries mark-up at the rate of six months Karachi Interbank Offered Rate (KIBOR) plus 1.75 percent and is secured against all present and future property and equipment and underlying port infrastructures of the concession right. Principal is repayable in nine equal semi-annual installments commencing in July 2012. Proceeds of the loan were partially used to fully pay the loans with International Finance Corporation and Organization of the Petroleum Exporting Countries Fund for International Development amounting to Rs.2.4 billion (US\$27.9 million) on July 22, 2011 which were originally maturing in January 2018. The loan with remaining balance of Rs.1.5 billion was refinanced by Habib Bank Limited. The new loan carries a mark-up at the rate of six months KIBOR plus 0.75 percent and is secured against all present and future property and equipment and underlying port infrastructures of the concession right. Principal is repayable in five equal semi-annual installments commencing in June 2015. As of December 31, 2014, outstanding principal balance of the loan amounted to Rs.1.5 billion (US\$14.9 million).

AGCT. In March 2013, AGCT signed the first part of a ten-year loan agreement for EUR6.2 million (US\$8.1 million) with Raiffeisenbank Austria d.d. to partly finance the purchase of port equipment intended for the Brajdica Container Terminal. The principal is repayable in 112 monthly installments starting January 31, 2014 until April 30, 2023. Interest is payable monthly based on floating interest rate computed at 1-month Euro Interbank Offered Rate (EURIBOR) plus a spread of 4.2 percent. On July 22, 2013, AGCT signed the second part of the same loan agreement for EUR4.4 million (US\$5.6 million). Principal is repayable in 120 monthly installments starting January 31, 2014 until December 31, 2023. Interest is payable monthly based on floating interest rate computed at 1-month EURIBOR plus a spread of 4.2 percent. The loan is secured by AGCT's port equipment. As of December 31, 2014, the total outstanding balance of the loans amounted to US\$11.5 million (EUR9.5 million).

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, 2014, 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, 2014, the Group has complied with its loan covenants.

There were no other significant transactions pertaining to the Group's long-term debt as of December 31, 2014, except as discussed above.

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 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 51.8 percent and 50.7 percent of gross revenues for the periods ended December 31, 2013 and 2014, respectively. Foreign currency-linked revenues include the following: (1) arrastre charges of MICT; and (2) non-US dollar revenues of international subsidiaries. ICTSI incurs expenses in foreign currency for the operating and start up requirements of its international subsidiaries. Concession fees payable to port authorities in certain countries are either denominated in or linked to the US dollar.

The table below provides the currency breakdown of the Group's revenue for the year ended December 31, 2014:

Table 6.12 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	35 % USD	65 % PhP
SBITC	100 % USD	
DIPSSCOR		100 % PhP
SCIPSI		100 % PhP
BIPI		100 % PhP
MICTSI		100 % PhP
BCT	65 % USD/2% EUR	33 % PLN
TSSA		100 % BRL
MICTSL	100 % EUR*	
PTMTS		100 % IDR
YRDICTL/YICT		100 % RMB
AGCT	80% EUR	20% HRK
CGSA	100 % USD	
ICTSI India		100 % INR
ICTSI Oregon	100 % USD	
BICTL	100 % USD	
PICT	75 % USD	25 % PKR
OJA/JASA	62% USD	38% IDR
CMSA	39 % USD	61% MXN
OPC	100 % USD	
NICTI		100 % JPY

*MGA pegged with the EURO

Translation Hedging. On May 20, 2013, ICTSI designated US\$39.4 million (₱1.75 billion) of its Philippine

peso-denominated cash equivalents as cash flow hedges on the currency risk of its Philippine peso-denominated payables that would arise from forecasted Philippine peso-denominated variable port fees. The hedging covers forecasted Philippine peso-denominated variable port fees payments from January until October 2014. Foreign currency translation gains or losses on the Philippine peso-denominated short-term investments that qualify as highly effective cash flow hedges are deferred in equity. Any ineffective portion is recognized directly in earnings. Foreign currency translation gains or losses deferred in equity would form part of variable fees, presented as “Port authorities’ share in gross revenues” in the consolidated statement of income, when the hedged variable PPA fee is recognized. Foreign currency losses amounting to US\$3.1 million in 2014, was presented as part of “Port authorities’ share in gross revenues” account in the consolidated statements of income. As of December 31, 2014, ICTSI did not have any outstanding Philippine peso-denominated short-term investments designated as cash flow hedge.

In 2013 and 2014, Tecplata designated an aggregate of US\$173.0 million (AR\$927.9 million) and US\$40.3 million (AR\$308.5 million), respectively, of its Argentine peso-denominated cash and cash equivalents as cash flow hedges on the currency risk of its Argentine peso-denominated payables that would arise from forecasted Argentine peso-denominated capital expenditures. The hedging covered forecasted Argentine peso-denominated expenditures from April 2013 until December 2014. Foreign currency translation gains or losses deferred in equity would form part of the cost of the port infrastructure (including port fees during the construction period) and would be recycled to profit and loss through depreciation.

Foreign currency translation loss on Argentine peso-denominated cash and cash equivalents designated as cash flow hedges aggregating to US\$12.1 million and US\$6.2 million have been recognized under equity and US\$10.2 million and US\$6.2 million have been transferred from equity to construction in-progress under “Intangible assets” account in the consolidated balance sheets as of December 31, 2013 and 2014, respectively. No ineffectiveness was recognized in the consolidated statements of income for the years ended December 31, 2013 and 2014, respectively.

Interest Rate Risk

The Group’s exposure to market risk for changes in interest rates relates primarily to the Group’s bank loans and is addressed by a periodic review of the Group’s debt mix with the objective of reducing interest cost and maximizing available loan terms.

Interest Rate Swap. In November 2014, BCT entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate US dollar-denominated loan maturing in 2021. A notional amount of US\$21.5 million floating rate loan was swapped to fixed rate. Under the interest rate swap, BCT pays fixed interest rate of 1.87 percent and receives floating rate of six-month LIBOR on the notional amount. As at December 31, 2014, the market valuation loss on the outstanding interest rate swap amounted to US\$0.1 million. The effective portion of the change in the fair value of the interest rate swap amounting to US\$84 thousand (net of deferred tax) for the year ended December 31, 2014 was taken to equity under other comprehensive loss.

In 2014, AGCT entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate Euro-denominated loan maturing in 2023. A notional amount of EUR5.1 million (US\$6.2 million) in 2013 and EUR3.8 million (US\$4.6 million) in 2014 out of the total EUR10.6 million (US\$12.8 million) floating rate loan was swapped to fixed rate. Under the interest rate swap, AGCT pays fixed interest of 6.19 percent for EUR5.1 million and 5.55 percent for EUR3.8 million and receives floating rate of one-month EURIBOR plus 4.20 bps on the notional amount. As of December 31, 2014, the market valuation loss on the outstanding interest rate swap amounted to EUR0.5 million (US\$0.6 million). The effective portion of the change in the fair value of the interest rate swap amounting to EUR0.4 million

(US\$0.5 million), net of deferred tax, for the year ended December 31, 2014 was taken to equity under other comprehensive loss.

Liquidity Risk

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

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

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

Consolidated Financial Statements

The Group's 2014 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 2014.

External Audit Fees and Services

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

	2012	2013	2014
Audit and Audit-Related Fees	US\$920.3	US\$1,486.4	US\$939.3
Tax Fees	7.8	176.2	92.0
Other Fees	13.8	34.1	14.8

Audit and Audited-Related Fees include the audit of the Group's annual financial statements. This also includes the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group. In 2013, this amount increased due to the issuances of three comfort letters as a result of the capital market raising transaction of the Group. The consolidated audit fees increased in 2013 and 2014 as a result of new operating terminals and start-up companies.

Tax fees paid to SGV & Co. are for tax compliance and tax advisory services. In 2013, the amount

increased mainly due to the tax advisory on tax planning for the restructuring of our subsidiaries in Latin America as disclosed in Note 1.3, *Subsidiaries and Joint Venture*, to the 2014 Annual Audited Consolidated Financial Statements.

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 10, 2014.

Estimated Capital Expenditures and Sources of Financing

The Group's capital expenditures for 2015 are expected to be approximately US\$530 million. This amount is exclusive of the Group's share on the joint venture project with PSA for the development of the Port of Buenaventura at SPIA amounting to about US\$140 million. The Group expects to fund these capital expenditures through a combination of available cash, internally-generated funds and other fund raising activities, if necessary. The estimated capital expenditure budget will be utilized to develop the Port Facilities at VICT, ICTSI DR Congo and OPC, and the expansion projects at ICTSI Iraq Branch, CMSA and MICT; and to complete the project in Tecplata. A portion of the capital expenditure budget is also allocated to the port equipment acquisitions at BCT.

Compliance with Leading Practices on Corporate Governance

The Company, its Board of Directors, officers and employees strive, through good corporate governance, to enhance its value and optimize over time the returns to its shareholders by:

- a. Sound, prudent, and effective management,
- b. Efficient and effective management information system,
- c. Effective risk management,
- d. Reliable financial and operational information,
- e. Cost effective and profitable business operations, and
- f. Compliance with laws, rules, regulations and contracts.

The following are measures being undertaken by the Company to fully comply with the adopted leading practices on good governance:

(i) Revised Manual of Corporate Governance

The Group adopted a Manual on Corporate Governance in January 2003 and submitted a Revised Manual on Corporate Governance ("CG Manual") to SEC last March 31, 2011. The Company likewise submitted its Annual Corporate Governance Report on January 8, 2015 which states that the Company is in full compliance with its Revised Manual of Corporate Governance. The Company's Compliance Officer was appointed in February 2014. The Compliance Officer shall coordinate 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 commits itself to principles and best practices of governance in the attainment of corporate goals.

As early as January 25, 2007, an evaluation system to measure compliance with the Manual has already been finalized and was approved by the Board.

(ii) Board of Directors

ICTSI's Board of Directors ("Board") has the expertise, professional experience, and background that allow for a thorough examination and deliberation of the various issues and matters affecting ICTSI. The Board is responsible for the Company's overall management and direction. The Board reviews and monitors ICTSI's performance, results of operations and financial position.

The Board is also responsible for good governance and ensures accountability, fairness, and transparency in ICTSI's relationship with all stakeholders. The Company, through its Board, has fully complied with its CG Manual.

The Board likewise formulates the Company's vision, mission, strategic objectives, policies and procedures that guide its activities, including the means to effectively monitor management's performance. The Board reviews ICTSI's mission and vision at least every five (5) years.

The Board is composed of seven (7) directors elected by the stockholders in accordance with the law and the Company's Articles of Incorporation and By-laws. Two (2) of directors are independent directors (Octavio Victor R. Espiritu and Joseph R. Higdon) and only one (1) is an executive director (Enrique K. Razon, Jr.). As defined in ICTSI's CG Manual, an independent director is a person who is independent of management and free from any business or other relationship which could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. The Board may require the presence of at least one independent director in all its meetings.

ICTSI's directors are elected at the Annual Stockholders' Meeting. They shall hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Pursuant to ICTSI's By-laws, the Board of Directors 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 of the Directors for both regular and special meetings in 2014 is as follows:

	Feb 21	Mar 10	Apr 10*	Apr 10*	Apr 10*	Apr 15	Apr 25	June 27	July 24	Aug 15	Aug 30	Sep 1	Sep 24	Oct 7	Oct 9	Nov 21	Dec 29
Enrique K. Razon, Jr.	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Jose C. Ibazeta	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Stephen A. Paradies	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Andres Soriano III	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Jon Ramon Aboitiz	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Joseph Higdon	P	P	A	A	A	P	P	P	P	P	P	P	P	P	P	P	P
Octavio V. Espiritu	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P

P – Present

A - Absent

* April 10, 2014 was when a Regular Board Meeting, Annual Stockholders Meeting and Organizational Board Meeting were conducted.

Each director attended various trainings, continuing education program and conferences in 2014:

Name of Director	Date of Training	Program
Jon Ramon Aboitiz	July 24, 2014	Corporate Governance
	October 22, 2014	Enterprise Risk Management, Internal Auditing and Compliance Functions
	October 29, 2014	ASEAN Corporate Governance Seminar
Stephen G. Paradies	July 24, 2014	Exclusive Orientation Course on Corporate Governance
Octavio V. Espiritu	February 4, 2014	Corporate Governance & Risk Management Summit
Joseph R. Higdon	April 29, 2014	Corporate Governance Seminar
Enrique K. Razon Jr.	May 29, 2014	Orientation Course on Corporate Governance, Manila, Philippines
	Jan. 22 to 26, 2014	WORLD ECONOMIC FORUM, Davos-Klosters, Switzerland
	May 21 to 23, 2014	WORLD ECONOMIC FORUM ON EAST ASIA, Manila, Philippines
	May 30 to June 1, 2014	IISS ASIA SECURITY SUMMIT, Singapore
	October 28 to 29, 2014	FORBES GLOBAL CEO CONFERENCE, Singapore
Jose C. Ibazeta	September 16, 2014	Corporate Governance
Andres Soriano III	September 16, 2014	Corporate Governance

(iii) Audit Committee

The Audit Committee is comprised of three (3) Board members, who are Octavio Victor R. Espiritu, Jon Ramon Aboitiz and Stephen A. Paradies, where Mr. Espiritu, as the independent director, serves as the committee chairman.

The Audit Committee reports to the Board and is required to meet at least four (4) times a year. Each member of the Committee is financially literate and has attended various trainings on governance, risk

management and IFRS updates.

The Audit Committee's responsibilities are embodied in the Audit Committee Charter approved by the Board. It is responsible for assisting the Board in fulfilling its oversight responsibilities to the shareholders relating to the Company's financial statements and financial reporting process, governance, risk management and internal control systems, the internal and external audit process, and the process for monitoring compliance with contracts, laws and regulations and the Code of Conduct.

For the year 2014, the Audit Committee held four (4) regular meetings and attendance of each member is shown below:

	Mar 6	May 13	Aug 5	Nov 11
Octavio V. Espiritu (Chairman)	P	P	P	P
Jon Ramon Aboitiz	P	P	P	P
Stephen A. Paradies	P	P	P	P

*P - present

The Audit Committee's accomplishments for 2014 are the following:

- Reviewed the annual and quarterly consolidated financial statements before their submission to the Board as well as the regulatory submissions to SEC and PSE
- Reviewed the external auditors (SGV & Co.) plan for the audit of 2014 consolidated financial statements, internal controls over financial reporting, audit results of the 2014 consolidated financial statements and evaluated the performance of SGV & Co. for 2014
- Reviewed and approved the 2015 internal audit plan and 2014 annual accomplishment report as well as the quarterly status reports of accomplishments, including audit areas covered, significant risk exposures, adequacy and effectiveness of internal controls and management actions taken on significant issues reported.
- Reviewed and discussed the status of corporate governance compliance reporting to SEC and PSE as well as the compliance with applicable laws, regulations and significant compliance requirements with its concession contracts.
- Conducted a self-assessment of 2014 performance based on its charter and the SEC prescribed self-assessment checklist. Minor improvements in documentation have been identified in the areas of risk management, compliance and reporting.

Enterprise Risk Management (ERM)

As stated in ICTSI's CG Manual, the Audit Committee provides for an oversight over the Company's Enterprise Risk Management (ERM) activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function includes regular receipt from management of information on risk exposure and risk management activities.

In 2014, ICTSI continue to conduct a comprehensive and focused identification of potential risks to the Company where its significance, likelihood and impact were determined and how these risks should be managed. This risk assessment was conducted by ICTSI's relevant Business Units (BU) and its staff members representing all the major functions of the organization. The assessment has been carefully planned, documented and carried out methodically. Moving forward, a regular risks assessment will be conducted, at least annually.

ICTSI's ERM is imbedded into business decision activities such as strategic and business planning activities to help provide better perspective to management on the most critical risks affecting realization of business goals and on how best to mitigate such risks. The Company's ERM process is intertwined with operating activities of the BU's. ICTSI believes that by improving its ERM system, the Company will have a greater capability to implement its strategy and achieve its vision, mission and corporate objectives.

The Audit Committee found ICTSI's internal controls/ERM system to be adequate.

The Board of Directors likewise conducted a review of the company's material controls, including operational, financial and compliance controls) and risk management systems.

Related Party Transactions

The Board, through its Audit Committee, formulates and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors including their spouses, children and dependent siblings and parents, and interlocking director relationships by members of the Board. The Audit Committee reviews the Company's related party transactions (or RPT) and ensures that these are conducted in a fair and at arm's length manner.

(iv) Nomination Committee

The Nomination Committee is composed of Stephen A. Paradies as Chairman and Jose C. Ibazeta and Octavio Victor R. Espiritu as Members. The Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval. The Committee also assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors. The Company's by-laws allow non- controlling shareholders to nominate a candidate for the Board.

(v) Compensation and Remuneration Committee

The members of the Compensation and Remuneration Committee are Andres Soriano III as Chairman and Stephen A. Paradies and Octavio Victor R. Espiritu as Members. The Committee aims to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.

(vi) Executive Officers

ICTSI's Executive Officers, together with its Executive Directors, are responsible for ICTSI's day-to-day management and operations. The registered address of the Company's executive officers is ICTSI Administration Building, MICT South Access Road, Manila, Philippines.

(vii) Independent Audit

ICTSI's management is primarily responsible for risk management, internal controls and good corporate governance and commits to maintain its adequacy and effectiveness. The Company's Audit and Compliance Group (ACG) contributes to the improvement of the ICTSI Group's operations by providing timely feedback and appropriate recommendations for strengthening risk management, internal controls and governance processes. The purpose, authority and responsibility of the ACG are

defined in its charter approved by the Chairman of the Board and Audit Committee.

The ACG establishes a risk-based annual audit plan to determine the priorities of the internal audit activity, consistent with the organization's goals, taking into account the organization's risk management framework, including the risk appetite levels set by management for the different activities or parts of the organization. The ACG is guided by the International Standards for the Professional Practices of Internal Auditing (ISPPA) and all members of the ACG adhere to the Code of Ethics of the Institute of Internal Auditors.

(viii) Group Management and Reporting Structure

ICTSI generally operates subsidiaries in a decentralized manner. Each of its operating subsidiaries has its own board of directors and senior management. As a common approach for ICTSI's companies operating terminals (other than MICT), the region head, the local general manager and a representative from ICTSI's senior management are appointed as directors in the local boards. The Board approves group budget but is not responsible for day-to-day operations of the subsidiaries. Through shareholdings, the Board has the right to appoint majority of the directors at each of its operating subsidiaries. The joint venture agreements contain provisions regarding division of management between the Company and joint venture partners.

(ix) Employee Benefit 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 ICTSI's 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.

Descriptions and explanations of the above transactions are further disclosed in Note 19, *Share-based Payment Plan*, to the Annual Audited Consolidated Financial Statements.

(x) Employee Welfare

ICTSI, through the Human Resources Department, has established policies and programs in Manila, which promote the health, safety and productivity of its employees.

The Company has a fitness center and sports facilities available for use by its employees. Medical and dental facilities are likewise available 24 hours for the use of the employees and their dependents. ICTSI held several interdepartmental sports tournaments to promote health, fitness and camaraderie. Seminars on health related matters such as awareness on the adverse effects of diabetes and hypertension were

conducted by ICTSI. To further ensure its employees' good health, all employees are required to undergo annual physical examination and flu vaccination, paid for by ICTSI.

ICTSI also conducts new employee orientation to give a comprehensive overview about the Company, as well as employee benefits and discipline.

To encourage its employees' productivity and efficiency, ICTSI established an Operations Incentive Program which is a platform to recognize the hard work and dedication of its employees through monetary incentives on top of their compensation. The Company maintains its industrial peace through various programs such as: Labor Management Cooperation which is a forum where work related problems are easily addressed through meetings and discussions between the management and the union leadership and through the regular conduct of *Ugnayan sa Pantalan*, which is a venue where employees are given the opportunity to air their redress, grievances and other work-related problems.

Behavioral trainings were initiated by the Company as part of its organizational development. These include:

- a. 7 Habits of Highly Effective People
- b. Team building
- c. Interaction Management
- d. Basic Management Programs and Leadership trainings

Company Orientation Programs include:

- a. Operations for Non-Operations
- b. Orientation for newly hired employees
- c. Orientation re: government mandated benefits

ICTSI likewise conducted Technical training programs for skills enhancement of equipment operators, i.e. Reach Stackers, Quay Cranes, Rubber Tired Gentries, Sidelifter and Checkers.

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 2014, ICTSI conducted 14 training programs for the professional technical skills training of 360 employees and about 100 employees attended 29 external trainings. 15 other training programs for behavioral, health and employee relations were conducted internally for 524 employees. Under the technical training program, 22 employees were certified during the year to operate new or additional equipment. ICTSI continues to provide its employees trainings programs that would best suit their needs and hone their skills.

Last April 25, 2014, ICTSI and NMPI-NAFLU, the certified bargaining agent for its rank and file employees, concluded a new 5 year Collective Bargaining Agreement. The CBA provides for better benefits such as guaranteed wage increases for its employees for the next five (5) years. It also provides for other employee welfare benefits such as sick and vacation leave credits, increase in medical and dental benefits, increase in the hospitalization benefits for employees and their dependents, enrolment of employees to health insurance to cover both outpatient and inpatient medical benefits and services, annual physical examination for employees, increase in insurance coverage for life and accidental death, increase in burial assistance to legal heirs of deceased employees, significant increase in funding for the union's welfare, educational and calamity programs and increase in loyalty bonus for retiring

employees.

ICTSI's other local and foreign subsidiaries also have their respective policies and activities which foster the health, safety and productivity of its employees as well as trainings and development programs.

(xi) Code of Business Conduct and Anti – Bribery Policy and Procedure

Despite the global spread of ICTSI's people, offices and operations, ICTSI is guided by its core values and principles. ICTSI holds the highest ethical standards of honesty and integrity. ICTSI respects and abides by the laws of whichever country it operates in. The Code of Business Conduct serves as a statement of ICTSI's beliefs, values and commitment.

ICTSI 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.

(xii) Annual Performance Assessment

The Board of Directors established an annual assessment procedure to measure the performance of the Board of Directors, each Board Committee, as well as each director, including the executive director.

(xiii) 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.

Recognition and Awards

2014

December: **Platinum Award**

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 gala dinner on December 11, 2014 in Hong Kong.

November: **1st runner-up - Most Admired ASEAN Enterprise**

ICTSI led the group of six top Philippine awardees in the regional ASEAN Business and Investment Summit in Myanmar in November 2014.

Port Project Sponsor of the Year Award

A total of 17 project finance deals were cited by the publication, World Finance (a leading financial magazine based in the United Kingdom) with ICTSI receiving the Sponsor of the Year Award. The company was recognized for its "exceptional work in sponsoring a wide variety of deals." It also described ICTSI as choosing to "embrace the pathway to global expansion."

October: **Icon on Corporate Governance Award**
Asian Corporate Director of the Year Award

At the 10th Corporate Governance Asia Annual Recognition Awards in Hongkong on October 24, 2014, ICTSI and its chairman, Mr. Enrique Razon, Jr., were again one of the recipients of the Icon on Corporate Governance Award and Asian Corporate Director of the Year Award, respectively.

September: **Corporate Excellence Award**

At the inaugural of the ASEAN Business Awards - Philippines last September 9, 2014, the ASEAN Business Advisory Council (ABAC) of the Philippines honored ICTSI with the highest business recognition, the Corporate Excellence Award in the Large Enterprise Category. ABAC cited ICTSI *“not only for its outstanding growth performance, but also for its commitment to the welfare for its employees, as well as its impactful corporate social responsibility programs.”* ICTSI represented the Philippines the regional ASEAN Business and Investment Summit in Myanmar in November 2014.

2013

March: ICTSI was awarded again as one of the Best Investor Relations Companies in the Philippines by Corporate Governance Asia.

June: ICTSI was awarded as Asia’s Icon on Corporate Governance in the 9th Corporate Governance Asia Awards - The Class of 2013.

2012

March: ICTSI was awarded as one of the Best Investor Relations Companies in the Philippines by Corporate Governance Asia. Corporate Governance Asia is the region’s most authoritative journal on corporate governance.

June: ICTSI was given the Corporate Governance Asia Recognition Award for its continuing commitment to the development of Corporate Governance in the region.

2011

ICTSI was a recipient of a Silver Award from the Institute of Corporate Directors (ICD), as one of the few publicly- listed companies that met ICD’s exacting standards of corporate governance.

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 29 terminal concessions and port development projects in 21 countries worldwide. These are 24 operating terminals in eight key ports in the Philippines, two in Indonesia and one each in Brunei, Japan, China, the United States of America (U.S.A.), Ecuador, Brazil, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras and Iraq; four ongoing port development projects in Argentina, Colombia, Congo and Australia; and a sub-concession agreement to develop, manage and operate a port in Nigeria. The expected start of commercial operations of the ongoing projects are middle of 2015 for Argentina, second quarter of 2016 for Colombia, middle of 2016 for Congo, and end of 2016 for Australia. The construction of the terminal in Nigeria is expected to start in the first half of 2015 and is scheduled to commence initial operations in middle of 2018.

In 2012, 2013 and 2014 the Group handled consolidated throughput of 5,628,021 TEUs; 6,309,840 TEUs and 7,438,635 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, 2012, 2013 and 2014, 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:

	2012	2013	2014
Gross revenues	56.8%	59.4%	61.1%
Net income attributable to equity holders of the parent*	54.0%	66.7%	57.3%

* Decreased in 2014 because of the depreciation and amortization, interest expense, start-up costs and net non-recurring charges of the new operating terminals (i.e., CMSA, OPC and ICTSI Iraq) and start-up companies (i.e., Tecplata, IDRC, LICTSLE and VICT).

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 65% of the container traffic at the port. 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 operated by Hutchison Port Holdings, and Qasim International Container Terminal operated by Dubai Ports World. The Company believes that PICT captured 27% of the market in 2014, with KICT and QICT handling 36% and 37%, 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); ICTSI Oregon, Inc. (ICTSI Oregon) and Operadora Portuaria Centroamericana, SA (OPC). TSSA, ICTSI Oregon and CGSA are operating; Tecplata and SPIA are under development; and CMSA and OPC started commercial operations in November 2013 and December 2013, respectively.

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 percent and 45 percent of the container traffic at Pernambuco and Northeast region of Brazil, respectively.

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 percent of the traffic at the port.

The Manzanillo market, where CMSA operates, is currently dominated by SSA de Mexico, S.A. de C.V with 67 percent 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 18 percent market share.

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

Europe, Middle East and Africa (EMEA)

The Group has four operating terminals in the EMEA region: Baltic Container Terminal (BCT); Madagascar International Container Terminal, Ltd. (MICTSL); Batumi International Container Terminal (BICT); and AGCT. 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 a plan to develop second berth in 2016. Currently, BCT's market share is estimated to be at 22 percent of the container traffic in Poland. As the majority of Poland is landlocked, BCT also faces competition from rail and trucking companies. In contrast, MICTSL is dominating the Madagascar container market and practically has a market share estimated to be not less than 90% of the traffic at the port.

Despite the presence of competition where ICTSI and subsidiaries operate, the Group has identified the following as its key competitive strengths: (i) globally diversified revenue base; (ii) leading market positions in key targeted markets; (iii) experienced and dynamic management team; (iv) established track record of improving operational efficiency and performance; (v) strong and stable cash flows and strong capital structure; and (vi) demonstrated ability to control operating costs. These are discussed in the succeeding paragraphs.

ICTSI owns or operates ports in 21 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. Moreover, port facilities in various terminals serve a number of different shipping lines, which reduces reliance on any one particular customer.

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 and Latin America. 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, Ecuador, the Brazilian state of Pernambuco, Madagascar and Honduras. 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.

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, and risk management.

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.

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 an average remaining term of approximately 18 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.

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 shipping industry, major shipping lines contribute significantly to the Group's business and revenues. However, ICTSI's business is 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. 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 offer any bulk discounts. The Group conducts limited marketing and sales activities with its shipping line customers, and concentrates on such activities in jurisdictions in which it is a new entrant. The Group maintains service agreements with a number of shipping lines specifying service and performance standards. It believes that its business or profitability is not materially dependent on any relationship with any individual customer.

No single customer has contributed to more than 10% of the Group's consolidated revenues in 2012, 2013 and 2014.

On February 10, 2015, ICTSI Oregon received a notification from Hanjin Shipping Co. (Hanjin) that it will stop calling the Port of Portland effective March 9, 2015. The contribution of Hanjin to the consolidated revenues is not material. This is not the first time that Hanjin bypassed the Port of Portland and eventually came back. Hanjin bypassed the Port of Portland for six weeks in 2012. Hanjin also discontinued vessel service several times in the past before ICTSI took over the terminal operation in 2011.

Related Parties

Related party transactions are discussed in Part IV, Item 12 of this report, and in Note 22, *Related Party Transactions*, to the 2014 Annual Audited Consolidated Financial Statements.

Intellectual Property, Licenses, Contracts and Agreements

The "ICTSI" name and logo are registered trademarks in the Philippines and in the nations where the Company operates. 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 24, *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 24, *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 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, 2014, 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
2012	US\$7.7	1.06%
2013	9.0	1.06%
2014	9.3	0.88%

Safety, Quality, Maintenance and Compliance with Environmental Laws

The Group provides regular 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 items such as hoisting mechanisms, twist locks and load path crane components. Engineering and operations audits are performed to ensure compliance with policies and the Group provides specialized training to the staff members that are responsible for critical components such as wire ropes and lifting accessories. From time to time, the Group commissions consultants to provide testing of equipment, such as crane structures.

The Group also strives to adhere to strict standards of quality 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 for Quality Management Systems; ISO 14001:2004 Environmental Management Systems; OHSAS 18001:2007 for Occupational Health and Safety; ISO 28000:2007 for Supply Chain Security Management Systems; and BASC for Safe and Secure International Trade. BCT has received four ISO certifications: an ISO 9001:2008 Quality Management Systems, ISO 14001:2004 Environmental Management Systems, ISO 22000:2005 Food Safety Management and ISO5001:2011 Energy Management Systems. TSSA has received two certifications: ISO 9001:2008 Quality Management Systems and an ISO 14001:2004 Environmental Management Systems. PICT received one certification: ISO 9001:2008 Quality Management Systems. MICTSL has received two certifications: ISO 9001:2008 Quality Management Systems Certification and ISO 14001:2004 Environmental Management Systems. 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 and ISO 28000:2007 for Supply Chain Security 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. As part of the Group's efforts to be ISPS Code compliant, it has included weighing and scanning stations at the ports' gates.

Costs incurred by ICTSI and subsidiaries in obtaining these certifications including complying with environmental laws amounted to US\$0.2 million in 2012, US\$0.3 million in 2013 and US\$0.6 million in 2014. 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 6,645, 7,053 and 7,909 permanent employees as of December 31, 2012, 2013 and 2014 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		
	2012	2013	2014
Employees by Activity			
Operations	4,227	4,515	5,073
Engineering	864	919	1,023
Finance and administration	952	1,038	1,245
Corporate offices	141	167	186
Others	461	414	440
Total	6,645	7,053	7,967
Employees by Geographic Region			
Asia	3,639	3,589	3,674
Americas	1,880	2,480	3,254
EMEA	1,126	984	1,039
Total	6,645	7,053	7,967

The Company's labor increased in 2013 and 2014 due mainly to the start of commercial operations of CMSA and OPC in November and December 2013. 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, 2012, 2013 and 2014, approximately 47.4 percent, 45.9 percent and 56.4 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 12, 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 provides 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.

Americas

CGSA. There is a non-unionized Works Council since October 2008 and a CBA signed initially on July 16, 2009. The current CBA is effective until September 25, 2015. 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 employees at TSSA is represented, for administrative and maintenance employees, by the Sindicato dos Auxiliares de Administracao de Aramazens Gerais do Estado de Pernambuco. The CBA is renewed every two years, and was last signed on February 28, 2015. The relationship between the Company and the union proceeds well and there has not been any major labour disturbances, such as strikes, slowdown, boycott or mass absences, in the last ten years. The employees receive benefits such as dental, health and life insurance, emergency loans, leaves and transportation services. The CBA will expire on February 28, 2017. From 2013 onwards, the operations staff has been represented by casual work unions and, since March 2014, specifically for operations in the customs inspections area, there is a CBA between TSSA and ushers union for casual workers and it will expire on March 2014 and is currently under review. Recently, TSSA signed ushers union CBA for operations employees which will expire on February 2016. There have been no cases of strikes or walkouts.

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 reached in 3rd week of February 2015, which must be ratified by both the ILWU and PMA members. Resolution of this coastwise agreement will not necessarily alleviate the ILWU's slowdowns and other actions against ICTSI Oregon, which are likely to continue.

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. 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% 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. In October 2010, however, a new CBA was entered into which will expire in October 2015.

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. To reduce the impact of these risks, the Group's management adopts actions that can effectively manage these risks.

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 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 24, *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 meet 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. The primary currencies in which the Company deals are the U.S. dollar, the euro, the Philippine peso, the Brazilian real and the Chinese renminbi. Its revenues are primarily in U.S. dollars, Philippine pesos, Brazilian real, Pakistan rupee and euro while its expenses are generally in local currencies. The Group attempts to match its revenues and expenses whenever possible and, from to time, engages in hedging activities. Changes in exchange rates affect the U.S. dollar value of its revenues and costs that are denominated in foreign currencies. The Company is also 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 Pakistan rupee and euros, could restrict its revenue growth in U.S. dollar terms and vice versa. For example, TSSA's revenues increased by 2.9% in Brazilian real terms in 2014 but decreased by 5.6% in U.S. dollar terms due to the depreciation of the Brazilian real against the U.S. dollar. 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 a limited number 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 27, *Financial Risk Management Objectives and Policies*, to the Annual Audited Consolidated Financial Statements.

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 2,500,000 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 47,000 TEUs, 1,500 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.

In August 2004, MICT completed the construction of a hazardous cargo control area mainly to reinforce compliance with the United Nations International Maritime Organization's ISPS Code. The hazardous cargo control area is located at the west side of the MICT to prevent the unnecessary movement of dangerous cargo from the terminal to areas outside of the port zone. It can accommodate 500 full load containers stacked four rows at two tiers per block. There are also closed and open storage warehouses to facilitate dangerous cargo. The hazardous cargo control area is fully equipped with safety and emergency response system.

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.

As of December 31, 2014, ICTSI has a total of 13 quay cranes complemented by 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 13.16-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, 2014, SBITC has two post-Panamax cranes, three reach stackers, three units empty handler, five forklifts, nine prime movers and 15 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 of 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 182,200 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, 2014, MICTSI has two quay cranes, four RTGs, a reach stacker, an empty container handler and a forklift.

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, 2014, 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, 2014, SCIPSI has three reach stackers, 14 operating forklifts, ten prime movers and ten chassis.

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 127 meters and 150 meters long, and various terminal support facilities. HIPS currently has a container handling capacity of about 250,000 to 300,000 TEU per annum but will ultimately be developed and upgraded to handle approximately 2.0 million TEU per annum of containerized cargo, especially banana in refrigerated containers. Such upgrade will be implemented in phases. HIPS is currently handling break bulk cargo. As of December 31, 2014, HIPS has two mobile harbor cranes.

China - Port of Yantai. YICT's terminal covers an area of 76.6 hectares with 4 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, 2014, YICT has seven quay cranes, which handle loading and unloading of cargoes with the support from three RTGs, 16 RMGs, five reach stackers 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, 2014, MTS has two quay cranes, three RTGs, two reach stackers, a forklift, nine prime movers and 10 chassis.

Brunei - Muara Container Terminal. ICTSI established New Muara Container Terminal Services Sdn Bhd (NMCTS) to manage the concession contract awarded by the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam in May 2009. The contract is for the operation and maintenance of the Muara Container Terminal in Brunei Darussalam. The contract is for four years, and may be extended for a maximum of two years. The NMCTS' facilities include a 250-meter quay and occupy a total land area of five hectares, and have a capacity of 250,000 TEUs. As of December 31, 2014, NMCTS has two quay cranes, six reach stackers, four empty container handlers, two forklifts, 16 prime movers and 19 chassis.

Japan - Naha International Container Terminal. In January 2005, Naha International Container Terminal, Inc. (NICTI) was designated by the Naha Port Authority as the authorized private operator of the Naha International Container Terminal. The lease agreement will expire in 2016. NICTI does not have a stevedoring license, because such a license is only available to Japanese companies. Local stevedoring companies that do not have licenses rent quay cranes and container storage areas from NICTI. NICTI's revenues are primarily from equipment hire, wharfage, port toll fees, reefer services and the supply of water and other ancillary services. The terminal covers an area of 21 hectares and its facilities include a 600-meter long wharf with two berths.

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 Persero under a profit sharing scheme. The scheme covers the terminal operations for fields 300, 301, 302 and 303, which are operated by Persero 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 Persero, Tanjung Priok Branch for international container stevedoring services under a profit sharing scheme. The terminal has a capacity of 385,000 TEUs per year, berth length of 600 meters and 5.86 hectares container yard. As of December 31, 2014, the terminal has seven quay cranes, five rail mounted gantries, two RTGs and a large 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 12.5 meters. As of December 31, 2014, PICT has six quay cranes supplemented by 20 RTGs, 11 reach stackers and a large fleet of transportation equipment handling the existing operations at Karachi Port.

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 ten 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 3,700 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, 2014, CGSA has five quay cranes and four mobile harbor cranes that are supported by 23 RTGs, 10 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 it handles approximately 700,000 TEUs for three consecutive years. 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 24-hectare container yard, 576 reefer plugs, and a 3,400-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, 2014, TSSA has six quay cranes, 14 RTGs, six reach stackers 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. Construction activities are ongoing. SPIA is expected to start commercial operations in the second quarter of 2016.

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. Construction activities are substantially completed and the terminal is expected to be operational in middle of 2015.

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 current handling capacity of CMSA is 500,000 TEUs per year with 115 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, 2014, CMSA has four quay cranes supported by 10 RTGs, 5 reach stackers 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. Equipment turned over to ICTSI Oregon includes seven quay cranes and a fleet of container handling and transportation equipment. The estimated handling capacity of ICTSI Oregon is 700,000 TEUs per year.

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 34.4 hectares and undeveloped area of 10.5 hectares. The terminal currently has 800-meter pier having three berthing positions and depth of 13 meters and has a capacity of 600,000 TEUs. OPC started its commercial operations in December 2013. As of December 31, 2014, OPC has one quay crane, two ship-to-shore cranes, two mobile harbor cranes, supported by three straddle carriers and a huge fleet of transportation equipment.

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 60 hectares and its facilities include an 800-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 750,000 TEUs per year. As of December 31, 2014, BCT has six quay cranes, two mobile harbor cranes, 18 RTGs, two rail-mounted gantries 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 between 10 and 12 meters. The estimated handling capacity of MICTSL is 400,000 TEUs per year. As of December 31, 2014, MICTSL has four mobile harbor cranes, six RTGs, four reach stackers, one empty container handlers, five forklifts, 19 prime movers and 21 chassis.

Georgia - Port of Batumi. BICT operates a container terminal and a ferry and dry bulk handling facility in the Port of Batumi, in Georgia. BICT covers an area of 13.6 hectares, 10.0 hectares of which is still undeveloped. BICT has two berths with combined length of 465 meters and depth between 8 and 11.5 meters. The estimated handling capacity of BICT is 150,000 TEUs per year. As of December 31, 2014,

BICT has two mobile harbor cranes, four reach stackers, two empty container handlers, nine forklifts, eight prime movers and 16 chassis.

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 793-meter quay and depth of 11 to 14.2 meters. The current capacity is 450,000 TEUs per year with 252 reefer plugs. As of December 31, 2014, AGCT has four quay cranes, six RTGs, two rail-mounted gantries, five reach stackers, an empty container handler, three 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. ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014. The Port covers an area of 78.7 hectares, 58.5 hectares of which is still undeveloped. The Port has two berths with combined length of 400 meters and depth of 12.5 meters. The estimated current handling capacity of the Port is 150,000 TEUs per year. As of December 31, 2014, the terminal has two quay cranes, 1 mobile harbor crane, ten reach stackers, five forklifts, ten prime movers and 10 chassis. Phase 1 of the expansion project under the BOT scheme will have 250 meters of berth with an estimated capacity of 300,000 TEUs. When fully developed, the facility will have 600 meters of quay with an estimated capacity of 900,000 TEUs. Phase 1 is expected to be completed by second quarter of 2016.

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. The container terminal construction is expected to start in first half of 2015, subject to fulfillment of certain conditions, and is scheduled to commence operations in the middle of 2018.

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 Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein. SIMOBILE is a concessionaire of a parcel of land along the Congo river in the district of Mbengu, Township of Matadi in the Democratic Republic of Congo, intended for port use. The facility to be constructed in Phase 1 will consist of two berths that will be able to handle 120,000 TEUs and 350,000 metric tons. The capacity and berth length can, subject to demand, be doubled in Phase 2. Phase 1 is expected to be completed within 18 to 24 months from the start of construction. The construction of the terminal commenced in January 2015 and is expected to start its initial operations in the middle of 2016.

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

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 February 22, 2016, the share prices of ICTSI were:

		Price/Common Share*	
		<i>In US Dollar</i>	<i>In Philippine Peso</i>
Opening	:	US\$1.25	59.35
High	:	1.27	60.40
Low	:	1.25	59.35
Closing	:	1.26	60.00

* 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 February 22, 2016.

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

Calendar Period	Price/Common Share*			
	High		Low	
	<i>In US Dollar</i>	<i>In Philippine Peso</i>	<i>In US Dollar</i>	<i>In Philippine Peso</i>
<u>2014</u>				
Quarter 1	US\$2.422	₱108.00	US\$2.120	₱95.00
Quarter 2	2.580	112.60	2.408	105.10
Quarter 3	2.630	118.00	2.409	108.10
Quarter 4	2.616	117.00	2.449	109.50
<u>2015</u>				
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

*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 2014 and 2015.

Holders

The number of stockholders of record as of the latest practicable date on December 29, 2015 was 1,444. Common shares issued and outstanding as of the same date were 2,045,177,671 shares (including 10,469,155 treasury shares). While Preferred A and B shares outstanding as of the same date were 3,800,000 shares and 700,000,000 shares, respectively.

As of December 31, 2015, the public ownership level of the Company is at 51.00% based only on common shares. The public ownership level of the Company is at 37.94% if both common and Preferred B voting shares are considered.

The following are the Company's top 20 registered common stockholders as of December 31, 2015:

Name	No. of Shares Held	% of Total*
1. PCD Nominee Corporation (Non-Filipino)	916,060,509	33.45%
2. PCD Nominee Corporation (Filipino)	439,166,908	16.04%
3. Bravo International Port Holdings, Inc.	279,675,000	10.21%
4. Razon Industries, Inc.	108,594,835	3.97%
5. Sureste Realty Corporation	90,895,511	3.32%
6. Achillion Holdings, Inc.	80,000,000	2.92%
7. Enrique K. Razon, Jr.	53,110,811	1.94%
8. A. Soriano Corporation	22,064,102	0.81%
9. Enrique Razon	18,143,687	0.66%
10. Enrique K. Razon, Jr., as voting trustee	15,936,201	0.58%
11. Stephen Paradies	4,087,473	0.15%
12. Henrietta R. Santos	2,827,592	0.10%
13. Felicia S. Razon	868,725	0.03%
14. Cosme Maria de Aboitiz	527,343	0.02%
15. Antonio S. Tanjangco	283,582	0.01%
16. Ma. Consuelo R. Medrano &/or Victorino S. Medrano, Jr.	250,000	0.01%
17. Jose Sy Ching	220,000	0.01%
18. Ong Tiong	213,360	0.01%
19. Quintin Espinueva Jr.	200,000	0.01%
20. Silverio J. Tan	200,000	0.01%

As of 31 December 2015, 700,000,000 Preferred B shares (25.56%)* 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 2,738,508,516 (which excludes treasury shares) as of December 31, 2015.*

Dividends and Dividend Policy

Since 2013 to 2015, ICTSI was able to declare dividends from PhP 0.75 - PhP 0.90, 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 shall earn no dividends.

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

	2014	2015
Date of BOD approval	April 10, 2014	April 16, 2015
Amount of cash dividends per share	US\$0.019 (₱0.85)	US\$0.020 (₱0.90)
Record date	April 28, 2014	May 4, 2015
Payment date	May 9, 2014	May 15, 2015

Recent Sale of Unregistered Securities

On 15 May 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 2014 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 2014 Audited Annual Consolidated Financial Statements). As of December 31, 2014, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares issued to Achillion Holdings, Inc. (Achillion) have the following features: voting, issued only to Philippine nationals, not convertible into common shares, earn no dividend, redeemable at the option of the Board, and shall be redeemed if the nationality restrictions applicable on ICTSI is lifted by legislation or constitutional amendment. ICTSI shall have the right to designate a qualified Philippine national to acquire the Preferred B shares if Achillion wishes to transfer said shares.