



ISLAND INFORMATION & TECHNOLOGY, INC.
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July 25, 2007

PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Attention: Atty. Roy Joseph M. Rafols
Head – Issuer Regulation Division

Gentlemen:

We refer to our letter dated July 11, 2007 wherein we discussed the plans of Island Information & Technology, Inc. (IS or the Company) on addressing its Negative Shareholders' Equity.

In the said letter of July 11, 2007, we mentioned that the Company plans to undertake a stock rights offering to existing shareholders of the Company with the objective of raising around ₱122.0 million through the issuance of new shares. We also mentioned the third parties that we have engaged to advise and assist the Company in its planned capital-raising transaction.

The funds that will be raised from the aforementioned offering will be utilized by the Company to invest in the container yard business. This business plan is consistent with all of our previous disclosures to the Philippine Stock Exchange (PSE or the Exchange) on the matter.

Relative to our July 11, 2007 letter to the PSE, we received an inquiry from the Disclosures Department of the PSE asking for more details on the proposed investment of IS in the container yard business.

In this connection, we wish to advise the PSE as follow;

1. At present, we have requested our financial adviser, Abacus Capital & Investment Corporation to undertake a business and financial review on Admiral Container

Depot, Inc. ("ACDI"), the corporate entity that will undertake the container yard business. This is also the corporate entity that IS will invest in to undertake the container yard business.

2. We have also requested our legal counsel/adviser, the law firm of Martinez Vergara Gonzalez & Serrano Law Offices to assist us in undertaking a legal review on ACDI to ensure that it is in compliance with all appropriate legal, corporate and regulatory requirements of firms engaged in the container yard business.

An initial discussion of ACDI's business plan is attached for your reference.

Once the review of ACDI is completed, and all appropriate and requisite actions are undertaken and completed by this firm to accommodate our investment, we shall be filing the appropriate disclosures and agreements that IS and ACDI may execute on the matter. Shortly thereafter, we expect IS to then implement its stock rights offering.

We trust you find everything in order.

Thank you.

Very truly yours,

ISLAND INFORMATION & TECHNOLOGY, INC.


SERAFIN B. LINDA
Corporate Secretary

Discussion on Island Information & Technology, Inc.'s Business Plan for its planned Container Yard Business.

Proposed Business Plan

Island Information & Technology, Inc. (IS) plans to focus on the container yard business by making an investment and taking a controlling stake in an existing company that is already operating a container yard business.

The details of IS' proposed investment and business plan are as follow:

Background on Admiral Container Depot, Inc.

The corporate entity that IS will invest in, and that is currently operating a container yard business is Admiral Container Depot, Inc. (Admiral or the Company). The Company was incorporated on November 7, 2006. Its primary purpose as presented in its articles of incorporate is; "To carry on the business of providing and rendering general services incidental to and necessarily connected with the operation of port terminals in the Philippines, particularly but not limited to, management, operation and development of terminals in the Philippines which will involve the handling of containers, bulk, liquid and dry cargoes, refrigerated warehousing facilities, warehousing complex, container storage and handling facilities, and stevedoring, lightering, towing and/or storing of cargo of all kinds, the transportation of freight and other cargo handled by the company to and from port terminals in the Philippines to any part intended for delivery from abroad and/or shipment abroad as may be necessary or incidental thereto."

The Company's SEC registration number is CS-200617476, please refer to the attached Certificate of Registration. The Company started commercial operations in March/April, 2007.

At present, Admiral utilizes a total area of approximately 10,500 square meters (sqm.) of land within the Manila Harbour Center complex.

The business activities of the Company include the following;

1. Storage and handling of empty or full container vans that are utilized by shipping and logistics companies for the containerized transport of goods/products,
2. Servicing and maintenance work of container vans,
3. Storage, handling and maintenance of ISO tanks,
4. Storage, handling, service and maintenance of specialized refrigerated (reefer) vans, and
5. Plugging of reefer vans for PTI tests.

At present, Admiral services the storage requirements of two clients that act as agents for a number of shipping lines/companies.

The Company charges its clients the appropriate tariff and services fees for the storage, servicing, maintenance and repair work on container vans stored in its facility. The said fees and charges are billed to clients on a 15-day billing cycle.

At present, Admiral's container yard area can accommodate a maximum of 2,100 twenty-foot equivalent units (TEUs) of container vans that are stacked five-high. It is currently operating at around 60% capacity utilization.

The existing facility of the Company is paved with gravel for the container van storage area, and has cemented driveways for the movement of trucks and handling/transport equipment. Admiral utilizes the following handling equipment; (a) 45-ton capacity truck-mounted crane, (b) 35-ton capacity truck-mounted crane, (c) 25-ton capacity crawler-type crane, and (d) trucks used for ship-outs and returns of container vans.

Expansion Plans of the Company:

Admiral plans to expand its operations by; (a) leasing more space within (i) the Manila Harbour Center complex, (ii) areas in the general vicinity of the said complex, and (iii) other areas in the Greater Manila area where its clients operate, (b) acquiring more handling equipment to improve operating efficiencies, cut turnaround time, and accommodate the storage of more reefer vans, and (c) acquiring more maintenance equipment to handle the expected increase in maintenance and servicing work of container and reefer vans in its container yard area.

The expected capital investment and operating/working capital requirements for the expansion and equipment upgrade for the existing and planned container yard area of the Company will amount to approximately ₱105.0 million broken down into the following general use categories:

Handling, Transport and Maintenance Equipment	₱65.0 million
Utilities, Communication and Computer Systems	₱10.0 million
Lease of Additional Areas and Development Works	₱20.0 million
Operating and Working Capital Requirements	<u>₱10.0 million</u>
Total:	<u>₱105.0 million</u>

Once the planned expanded container yard area of Admiral is operational, the Company expects to generate 12-month revenues of around ₱100.0 million coming from rental income, handling, and service/maintenance fees.

Involvement of Island (IS)

IS plans to invest up to ₱105.0 million in Admiral by subscribing to new shares that the Company will be issuing. After the share issuance by Admiral to IS, it is expected that IS will become the major shareholder of Admiral and will be able to consolidate the financial and operating results of Admiral into its own financial statements and operating results.

IS will appoint the appropriate number of directors and management to Admiral upon the completion of its investment in the Company.