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**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING**  
**Held on 15 April 2011 at 10:00 o'clock in the morning**  
**At the Bahia, Hotel Intercontinental Manila**  
**Ayala Center, Ayala Avenue, Makati City**

**Outstanding Shares Represented – 2,578,855,110 or 94.32% of 2,734,078,088 shares**

**Directors Present:**

Jaime Augusto Zobel de Ayala, Chairman  
Arthur R. Tan, President and Chief Executive Officer  
Rafael Ma. C. Romualdez, Vice-Chairman  
Delfin L. Lazaro, Chairman, Executive Committee  
Hiroshi Nishimura, Independent Director; Chairman, Audit Committee  
Delfin C. Gonzalez, Jr., Chairman, Finance Committee  
Fernando Zobel de Ayala  
Jose Ignacio A. Carlos  
John Eric T. Francia  
Aelie T. Fucell, Independent Director  
Diosdado P. Banatao, Independent Director

**CALL TO ORDER**

After the singing of the Philippine National Anthem, Mr. Jaime Augusto Zobel de Ayala, the Chairman of the Board of Directors, called the meeting to order.

**PROOF OF NOTICE AND DETERMINATION OF QUORUM**

The Corporate Secretary, Mr. Solomon M. Hermosura, reported that written notice of the time, date, place and purpose of the meeting, including an Information Statement, was sent to each stockholder of record as of 24 February 2011 in accordance with the rules of the Securities and Exchange Commission and the By-Laws of the Corporation.

The Secretary likewise reported that stockholders owning 2,578,855,110 shares or 94.32%% of the 2,734,078,088 outstanding shares of the Corporation were duly represented, in person or by proxy. Thereafter, the Chairman declared the existence of a quorum for the transaction of business.

## **APPROVAL OF MINUTES OF PREVIOUS STOCKHOLDERS' MEETINGS**

The next order of business was the approval of the minutes of the annual stockholders' meeting held on 19 April 2010. Copies of the minutes were previously furnished to the stockholders.

On motion made by Mr. Domeng Leonida, and seconded by Ms. Carla Buencamino, the stockholders approved the minutes of the annual stockholders' meeting held on 19 April 2010.

## **ANNUAL REPORT**

The annual report consisted of three parts: the Chairman's Message, the Report of the President, and an audio-video presentation.

### ***Chairman's Message***

The Chairman reported as follows:

*"The year 2010 was a difficult period for business, marked by unusual levels of uncertainty in supply and demand for raw materials and electronics end-products. Despite this, IMI managed to post a revenue growth and profitability.*

*In 2010, IMI continued to make strategic acquisitions, with focus on building on its existing capabilities and capturing opportunities in emerging technologies. On this front, we acquired fifty six percent (56%) of PSi Technologies as part of our efforts to develop next generation processes and modules to address the growing trend in convergent technology.*

*IMI has become more resilient in the face of an increasingly volatile global environment. This was particularly evident during the recent global downturn. The diversification strategy into China helped buffer the weaknesses we faced in other markets. Revenues from China, which grew by about twenty five percent (25%) in 2010, now account for roughly sixty percent (60%) of our total revenues.*

*IMI faces the future with optimism. The electronics manufacturing services industry can only expand as electronic devices become increasingly pervasive in all aspects of our life. The outsourcing market, particularly in Asia, will also be a significant part of the supply chain in delivering these products and services. The Corporation is confident that the global economy will continue to stabilize and move towards full recovery and will be well equipped to serve this broad range of markets with progressive and flexible products and service capabilities.*

*As we commemorate IMI's 30<sup>th</sup> anniversary this year, I congratulate and thank the Board, the management team, our many customer groups, and the entire IMI workforce for their continued support."*

After the Chairman's message, the President and Chief Executive Officer, Mr. Arthur R. Tan, gave his report to the stockholders.

## **President's Report**

The President, Mr. Arthur R. Tan, provided an economic overview of the electronics manufacturing industry.

The President said that the whole world had just recovered from the financial downturn in the early 2009 until 2010, and advanced economies like those of the European countries became subdued. High unemployment rate was reported in the region. Emerging economies, however, remained buoyant all throughout the economic crisis. The Corporation's revenues from China grew by 25% year-on-year. China also dominated the global electronics manufacturing industry with more than 50% of sales in its name.

The President also reported that the Corporation's balance sheet remained healthy with total assets up by 40%. The Corporation's net worth likewise increased by 2%. Its operating income increased also by 27% while its bank debt was at USD55.9 million, of which USD38 million was a long-term loan. The current ratio was lower due to the acquisition of PSi Technologies, Inc.

Considering the aforementioned circumstances, the President stated that the Corporation was well equipped for 2011.

The Corporation also posted a positive operating cash flow despite an increase in its working capital. The President explained that the conversion of the Corporation's business from consignment to turnkey required a higher working capital. The Corporation's capital expense was USD2 million higher year-on-year due to the allotment for the purchase of new machines.

The President also explained the plans to lessen operating costs. He also presented the sustainability efforts being practiced by the Corporation.

In closing, the President thanked the Corporation's management team for their hard work, the stockholders for their faith and support, as well as the customers, suppliers, and other strategic partners for their trust and confidence.

The Chairman then opened the floor for questions or comments from the stockholders.

Stockholder Rene delos Reyes asked if the Corporation would have massive expansions in 2011. He also inquired how the Corporation was affected by the tsunami in Japan. He further asked about the status of acquisition of PSi Technologies and the financial benefits it may have. Lastly, he noted that the Corporation reflected a bigger capital expenditure ("CapEx") for 2011. He asked if this would be a trend in the coming years.

The President explained that, on the revenue side, the total growth of a particular market would be both served by the original electronic manufacturers ("OEMs") and the electronics manufacturing service ("EMS") providers such as the Corporation. 70% of the total uptake was for the OEMs and 30% delivered by the EMS providers. The Corporation convinced the OEMs to transfer the servicing of the 70% market to the EMS provider.

On the tsunami in Japan, there were several manufacturers affected by the calamity. The Corporation, however, saw the incident as an opportunity to market other products. The incident also boosted the China operations which improved its revenues by 25%.

On the PSi acquisition, the Corporation expected PSi to deliver the same revenues or higher in the coming years.

On the CapEx increase, the President explained that this was for purchase of the equipment gutted in the fire in the Corporation's Cebu plant. In relation to this, Mr. Jerome S. Tan, the Corporation's Chief Finance Officer, also said that the Corporation was able to collect from the insurance companies on the destruction caused by the fire in the Cebu plant.

A stockholder, who failed to identify himself, asked the net asset value of the Corporation, the book value per share, and the price earnings ratio in peso denomination. He also asked about the Corporation's first quarter performance.

The President clarified that most of the transaction of the Corporation was in U.S. dollar. Mr. Jerome S. Tan, the Corporation's Chief Finance Officer, also answered that the book value was PhP7.5 billion, which translated to PhP2.00 per share.

Stockholder Robert Murillo asked about the Corporation's plans to increase its common shares for subscription by the public to increase its trading volume liquidity. The Chairman answered that the Corporation had no plans at the moment to increase its capital stock.

Stockholder Emil dela Cruz stated that there was a circular requiring an increase of the minimum public ownership ("MPO") to 10% effective November 2011. He said that companies that failed to comply would be penalized. He asked what efforts were made to comply with the MPO requirement. Mr. Tan explained that an extension was granted to the Corporation to do the initial public offering by June 2012.

There being no further questions or comments on the Annual Report, including the 2010 Audited Financial Statements, and on motion made by Mr. Chicho Mantaring and seconded by Ms. Gladys Cabuyadao, the 2010 Annual Report was approved.

#### **RATIFICATION AND APPROVAL OF ALL RESOLUTIONS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE, AND ALL ACTS OF THE MANAGEMENT IN 2010 AND AS OF 15 APRIL 2011**

Upon the request of the Chairman, the Secretary stated that the Corporation would like to seek the ratification by the stockholders of all the resolutions adopted by the Board of Directors and the Executive Committee, as well as all acts of the Management in the year 2010 and as of 15 April 2011 which were reflected in the minutes of meetings, including Resolution No. B-09-11 approving amendments to Article III, Section 3 of the By-Laws to provide for electronic communications to stockholders who consent to receive notices and other communications electronically, and Resolution No. B-10-11 approving amendments to Article IV, Section 9 of the By-Laws to authorize the Board of Directors to fix the compensation of directors, provided that, the total yearly compensation of directors shall not exceed five percent (5%) of the Corporation's net income before income tax during the preceding year.

Other acts included approval of contracts, projects, and investments, and other acts which have been covered by disclosures to the Philippine Stock Exchange and the Securities and Exchange Commission. Also included were resolutions involving treasury and housekeeping matters such as bank transactions and designation of signatories.

On motion made by Mr. Olaf Gresens, which was seconded by Ms. Monette Lasala, the stockholders ratified and approved all the acts and resolutions of the Board of Directors and the Executive Committee adopted during the preceding year and as of 15 April 2011, including Resolutions No. B-09-11 and No. B-10-11 approving amendments to the By-Laws to provide for electronic communication to shareholders and to authorize the Board of Directors to fix the directors' compensation.

### **ELECTION OF DIRECTORS**

For the election of the eleven (11) members of the Board who shall hold office upon their election until the election of their successors, the Secretary explained that, in accordance with the Corporation's By-Laws and its Manual of Corporate Governance and the Securities Regulation Code ("SRC"), the following stockholders were duly nominated for the positions of directors of the Corporation, all of whom have given their consent to their nomination:

Jaime Augusto Zobel de Ayala	Diosdado P. Banatao
Fernando Zobel de Ayala	Jose Ignacio A. Carlos
Delfin L. Lazaro	Alelie T. Funcell
Arthur R. Tan	Hiroshi Nishimura
Rafael Ma. C. Romualdez	Delfin C. Gonzalez Jr.
John Eric T. Francia	

The Secretary added that Mr. Banatao, Mr. Nishimura, and Ms. Funcell were nominated as Independent Directors. He further informed the stockholders that the Corporation's Nomination Committee had ascertained in good faith that the eleven (11) nominees, including the three nominees for Independent Directors, possessed all the qualifications and none of the disqualifications to serve as directors of the Corporation.

On motion of Mr. Bernie Santos, which was duly seconded by Mr. Jimmy Sanchez, all votes were cast in favor of the 11 nominees who were declared elected directors of the Corporation effective 15 April 2011 and until their successors have been duly elected and qualified.

### **ELECTION OF EXTERNAL AUDITOR AND FIXING ITS REMUNERATION**

On the election of the Corporation's external auditor, Mr. Hiroshi Nishimura, Chairman of the Audit Committee, explained that the Committee had evaluated the 2010 performance of the Corporation's auditor, the firm of SyCip Gorres Velayo & Co. ("SGV"), and that the Committee was satisfied with SGV's performance. Thus, the Committee and the Board agreed to endorse the re-election of SGV as the Corporation's external auditor for the fiscal year 2011 for an audit fee of ₱3,050,000.00, which was the same as 2010's fee, exclusive of value-added tax ("VAT") and out-of-pocket expenses.

On motion made by Mr. Anthony Rodriguez and seconded by Ms. Eleanor Misa, SGV was re-elected as the external auditor of the Corporation for the fiscal year 2010 for an audit fee of P3,050,000.00, exclusive of VAT and out-of-pocket expenses.

### **OTHER MATTERS**

The Chairman opened the floor for questions or comments from the stockholders on matters that were relevant and of general concern to the stockholders.

Stockholder Emil dela Cruz noted that the Corporation was penalized by the Philippine Stock Exchange ("PSE") in September 2010 for violation of Sections 13.1 of the PSE Revised Disclosure Rules. He asked about the nature of the violation.

Mr. Hermosura explained Section 13.1 of the PSE Revised Disclosure Rules referred to the requirement of disclosure of acquisitions or dispositions of the Corporation's shares of stock made by the Corporation's officers within five (5) days from the aforesaid transactions. He said that there were two officers who failed to report within the prescribed period of five (5) days from a transaction.

### **ADJOURNMENT**

There being no other matters to discuss, and on motion made by Mr. Jawy Millanes, which was duly seconded by Ms. Joy Bondoc, the meeting was adjourned.



**SOLOMON M. HERMOSURA**  
*Corporate Secretary*