



**Integrated Micro-Electronics, Inc.**  
North Science Avenue  
Special Export Processing Zone, Laguna Technopark  
Biñan Laguna 4024 Philippines

Tel (63 49) 541-1015 to 20  
Fax (63 49) 541-0013  
www.global-imi.com

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING**  
**4 April 2014 at 3:00 PM**  
**Ballroom 1, Fairmont Makati**  
**1 Raffles Drive, Makati Avenue, Makati City**

	No. Outstanding and Voting Shares	Percentage of Total
Shareholders present:	2,479,727,244	84.51%

**Directors Present:**

Jaime Augusto Zobel de Ayala	<i>Chairman of the Board</i> <i>Chairman, Compensation Committee</i>
Arthur R. Tan	<i>President and Chief Executive Officer</i> <i>Member, Executive Committee</i>
Fernando Zobel de Ayala	<i>Chairman, Nomination Committee</i>
Rafael Ma. C. Romualdez	<i>Member, Executive Committee</i> <i>Member, Audit and Risk Committee</i> <i>Member, Finance Committee</i> <i>Member, Compensation Committee</i>
Delfin L. Lazaro	<i>Chairman, Executive Committee</i> <i>Member, Compensation Committee</i>
Hiroshi Nishimura	<i>Chairman, Audit and Risk Committee</i>
Delfin C. Gonzalez Jr.	<i>Chairman, Finance Committee</i> <i>Member, Audit and Risk Committee</i>
John Eric T. Francia	<i>Member, Finance Committee</i>
Jose Ignacio A. Carlos	<i>Member, Nomination Committee</i>
Alelie T. Fucell	<i>Member, Nomination Committee</i>

**1. Call to Order**

After the national anthem, the Chairman, Mr. Jaime Augusto Zobel de Ayala, called the meeting to order at 3:00 PM. He welcomed the stockholders, members of the Board of Directors, and the President and other officers of the Corporation.

## **2. Notice of Meeting**

The Secretary, Mr. Solomon M. Hermosura, certified that notice of the meeting, the definitive information statement, proxy form, and ballot were sent by 14 March 2014 to each stockholder of record as of 17 February 2014 in accordance with the By-Laws and applicable rules.

## **3. Determination of Quorum**

The Secretary certified that there was a quorum for the meeting with stockholders owning 2,479,727,244 or 84.51% of the outstanding and voting shares present in person or by proxy.

## **4. Procedures for Discussion and Voting**

The Chairman requested that any stockholder who wished to speak should identify himself after being acknowledged by the Chair and limit his remarks to the item in the agenda under consideration.

Thereafter, the Secretary discussed the voting procedures. A stockholder may vote manually using the ballot provided to him upon his registration and placing the voted ballot in the ballot boxes located at the Registration table and inside the Ballroom. A stockholder may also vote online using any of the ten (10) computers at the stations for online voting outside the Ballroom. The paper ballot and the website platform for online voting set forth the proposed resolutions for consideration by the stockholders and each proposed resolution would be shown on the screen in front as it is taken up.

The Secretary also informed the stockholders that, except for the election of directors, all the items in the agenda would require for approval the vote of stockholders representing at least a majority of the outstanding voting stock present at the meeting. The election of directors shall be by plurality of votes and every stockholder shall be entitled to cumulate his votes.

Each outstanding share of stock entitles the registered stockholder to one vote.

The Secretary also announced that the stockholders may cast their votes anytime during the meeting. All votes received shall be tabulated by the Office of the Corporate Secretary and the results of the tabulation validated by the external auditor, SyCip Gorres Velayo & Company (SGV). As the stockholders take up an item in the Agenda, the Secretary would report on the votes that have been tabulated and the final tally of votes would be reflected in the minutes of the meeting.

## **5. Approval of Minutes of the 2013 Stockholders' Meeting**

The Chairman then proceeded with the approval of the minutes of the annual stockholders' meeting held on 12 April 2013. He stated that copies of the minutes were distributed to the stockholders prior to the meeting and a copy of the minutes is posted and could be accessed on the website of the Corporation. He then opened the floor for comments. There being no question on the item under consideration, the Chairman requested for a motion for approval.

On motion of Mr. Andrew C. Carreon, seconded by Mr. Mario Bernardo Santos, the stockholders approved the minutes and adopted the following Resolution No. S-01-14, which was shown on the screen:

### Resolution No. S-01-14

**RESOLVED**, to approve the minutes of the annual stockholders' meeting held on 12 April 2013.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the motion for the approval of the minutes and the adoption of Resolution No. S-01-14 are as follows:

	For	Against	Abstain
Number of Voted Shares	2,479,231,244	496,000	0
% of Voting Shares Present	99.98%	0.02%	0%

## 6. Annual Report of Officers

### Chairman's Message

The Chairman reported that the growth in the global economy in 2013 was challenged by the subdued to modest growth of advanced economies and a slowdown in many emerging markets.

As the year unfolded, the Eurozone climbed out of recession while consumers in Japan and the United States continued to mend their personal balance sheets. China's economy continued to expand but it did so at its most sluggish pace in 20 years, which moderated growth across the region. The second half of the year, however, brought some reassurance that the world's second largest economy had averted a hard landing.

While worldwide electronic equipment production declined and the global electronics outsourcing industry contracted, the Corporation was able to generate higher revenues and profit. This marked the first steps of renewed success in the Corporation's continuous transformation towards higher value products and services, driven by operating expansion in Europe and the Philippines, and an effective diversification strategy.

The Corporation's automotive electronics division maintained its growth trajectory in 2013 as the sector recorded a 34% year-on-year growth. The industrial unit also performed well, as did the computing and medical device segments.

The continued expansion of the Corporation's revenue base is a direct result of dedicated pursuit of higher value offerings. The Corporation managed this by constantly redefining its portfolio and skills, as well as through focused acquisitions and divestments. As an example, one of the exciting developments in 2013 was the global automation initiative, as it kicked off a pilot project to develop the Corporation's first low-cost, robot-based assembly station in China. These semi-automated work stations have the potential to dramatically reduce the total cost of manufacturing by enhancing quality and minimizing the Corporation's dependence on highly skilled operators for selected processes.

Well into the first half of the Corporation's fourth decade in operations, it continued to develop the capabilities to stay ahead of the business curve. Last year, the Corporation shut down unprofitable businesses and streamlined its China operations to contain costs. As the Corporation focused its marketing efforts on high-margin segments, it has also been laying the groundwork for a more sophisticated engagement with automotive, industrial and medical electronics.

The Corporation's international Design and Development teams have also been working hard to develop more complex work and thus add value to its product line. Across the entire organization, it pushed the edge of the envelope by developing creative solutions to strengthen and expand the Corporation's manufacturing capabilities in the industries and programs it participates in. The Corporation's strategic positioning of products and services, solid balance sheet, recurring revenue, healthy profit streams, and global reach—and notably the institutional capability for innovation and sustained transformation—gave the Corporation the confidence to continue to provide differentiated value to its clients, employees, partners and communities.

With the global economic recovery expected to continue in 2014, the Corporation is in good position to work on new challenges. The electronic manufacturing services (EMS) segment is projected to grow at 7.8% in 2014, while the electronics market continues to show renewed strength over the next decade. As the Corporation continues to improve its profitability levels, it will continue to enhance its technical capabilities to capture high-growth, high-margin offerings in the automotive, industrial, and medical electronics markets.

The Chairman stated that as electronic products and services continue to permeate everyday lives, the Corporation remains an integral part of the production chain, and is in a unique position to participate in a wide array of products and services.

The Corporation belongs to a fast-changing industry and it remains committed to being a leading provider of EMS and power semiconductor assembly and test services with manufacturing facilities across the world. The Corporation will maintain a global presence to efficiently reach and serve diversified markets that include those in the automotive, industrial, medical, telecommunications infrastructure, storage device, and consumer electronics industries.

This commitment shapes everything the Corporation does: business strategy, people development programs, skills enhancement initiatives, innovation programs, and how it is being run. Ultimately, the Corporation aspires to be an integral partner to its clients, the communities, business associates, and investors.

In this spirit, the Chairman expressed his deep appreciation to the Corporation's team in the Philippines and the international teams for forging ahead and bringing the Corporation to where it is today. He also thanked the customers and shareholders for their enduring faith in the Corporation, in both good and demanding times. Finally, the Chairman thanked the Board of Directors, Management teams, and outstanding personnel without whose determination and teamwork the Corporation would never have navigated successfully through these challenging times.

#### President's Report

The President and Chief Executive Officer, Mr. Arthur R. Tan, started with his report by noting that 2013 was a good year for the Corporation. Its revenues grew 13% to USD745 Million in 2013 from USD662 Million in 2012. The corresponding net income of USD10.5 Million nearly doubled from the previous year's USD5.6 Million. EBITDA was at USD36.4 Million, an 11% growth year-on-year. Cash balance was at USD49 Million at the end of 2013.

In the latest EMS rankings, the Corporation ranked 20<sup>th</sup> among global EMS players based on 2012 revenues, according to Manufacturing Market Insider. It ranked 9<sup>th</sup> in Automotive EMS based on the 2012 revenues as per the New Venture Research.

The Corporation performed well despite the very challenging year. The global economy was one of transition and modest recovery in the second half of 2013, notable for advanced economies led by the United States and Japan, as well as the Eurozone. The International Monetary Fund pegged a worldwide growth rate of 3% for 2013.

The worldwide electronic equipment production fell by 2%, while EMS and original design manufacturing (ODM) revenues plunged by 5%. Thanks to the thriving diversification strategy, the Corporation continued to grow its revenues with corresponding profitability.

China and Singapore operations contributed 37% to the Corporation's 2013 revenues, posting USD277 Million, which was at the same level as last year's.

The operations in Europe and Mexico yielded USD235 Million in consolidated revenues, or an increase of 29% year-over-year, owing to the continued expansion of their automotive business.

The operations in the Philippines posted USD189 Million in revenues, or a 21% year-on-year growth, mainly because of increased business in the storage device market following consolidation of outsourced production of storage technology products from Japan.

PSi Technologies Inc. (PSi) generated USD43 Million revenues, down from the same period last year by 5.5%, but which is better than the 8.5% decline of the local semiconductor industry. It was able to benefit from the transfer of production from one of its key customers. In addition, it was able to capture additional revenues from faster growing segments in analog, higher power efficiency/management segments such as IXYS and POWI. PSi had a challenging first half as it went through the consolidation of its facilities. However, the consolidation has helped to take out significant overhead costs, reducing its overall breakeven levels.

The automotive electronics business now comprises 37% of the Corporation's total revenues, from 32% in 2012. Business is good in all fronts, accounting for the sector's 34% revenue year-on-year growth.

The telecommunications segment is 18% of total revenues, down by only one percentage point from 2012, but its absolute value rose by 6% year-on-year. The industrial and consumer segments were fairly the same at 15% and 14%, respectively. The revenues in the computing segment rose by 24% in 2013 but remained at 5% share. The Corporation's medical segment also increased by 12% in dollar amount but remained at a low 3% share of total revenues.

In terms of customer nationality, 51% of the Corporation's customers are from Europe, 30% from North America, 9% are Japanese, and 10% from the rest of Asia.

In November 2013, the Corporation was recognized as the Technology Company of the Year by the Asia CEO Awards. It bested other great companies for vigorously responding to every challenge in the business environment with innovation and improved technologies.

By the end of 2013, the Corporation began 17 new programs with an annual revenue potential of USD206 Million, mostly in the industrial (security management, LED Systems, ATMs, lock systems, power regulators, etc.), automotive (interiors, daytime running lights, etc.), and medical (signal receiver box, medical power supply, etc.) segments.

In closing, the President stated that sustainability has been embedded in the Corporation's strategy. Its concern for others naturally extends into guaranteeing that the business remains sustainable. The

Corporation makes sure that the business and employment continue, that it takes good care of its people, and that it does not harm the society or the environment in which it operates.

After the report of the President, an audio-visual presentation was shown to the stockholders.

Thereafter, the Chairman opened the floor for questions or comments from the stockholders.

Mr. Philip Turner asked the amount of savings of the Corporation from its cost reduction initiatives. Mr. Jerome S. Tan, Chief Finance Officer, replied that the Corporation had total savings of USD5 Million.

Mr. Turner inquired about the amounts of the accounts receivables of the Corporation. Mr. Tan responded that these amounts are current and are not more than 30 to 60 days. On the matter of insurance, Mr. Tan clarified that the amount reflected in the Audited Financial Statements represents the Corporation's insurance claims for the fire in Cebu which burned down the Corporation's plant. He further explained that there is already a pending case to recover the insurance.

Mr. Pacifico Tatco asked if the stockholders can expect a 50% to 100% growth rate from the Corporation. The Chairman said that the Corporation has promising growth but the rates mentioned may be too optimistic. Mr. Tatco further asked if the Corporation will declare higher dividends for this year. The Chairman said that the Corporation is striving towards that goal but there is no guarantee.

Mr. Steven Soliven congratulated the management for having more than 10% net income growth for the year. He asked if the Corporation sacrificed the welfare of the employees to achieve this. The Chairman replied in the negative and emphasized that the Corporation has a track record of keeping its employees.

Mr. Soliven further inquired if the Corporation is looking at investing in 3D technologies. Mr. Tan replied that they are currently looking only at prototype production for this kind of machines.

There being no other questions and comments from the stockholders, Mr. Jawaharlal K. Milanes, seconded by Mr. Neilson C. Esguerra, moved for the noting of the annual report and the approval of the 2013 audited financial statements, and the adoption of the following Resolution No. S-02-14, which was shown on the screen:

**Resolution No. S-02-14**

**RESOLVED**, to note the Corporation's Annual Report, which consists of the Chairman's Message, the President's Report, and the audio-visual presentation to the stockholders as of 4 April 2014, and to approve the 2013 audited financial statements of the Corporation and its subsidiaries, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the motion for the noting of the annual report and the approval of the 2013 audited financial statements, and the adoption of Resolution No. S-02-14 are as follows:

	For	Against	Abstain
Number of Shares Voted	2,479,231,244	496,000	0
% of Shares Voted	99.98%	0.02%	0%

## 7. Ratification of Acts and Resolutions of the Board and its Committees, and Acts of Management in the Preceding Year

The Secretary explained that the ratification by the stockholders was sought for the acts and resolutions of the Board of Directors, the Executive Committee, and other Board Committees as well as all acts of Management of the Corporation taken or adopted since the annual stockholders' meeting on 12 April 2013 until today. The acts include approval of contracts, projects and investments, treasury matters, and those covered by disclosures to the Philippine Stock Exchange and the Securities and Exchange Commission ("SEC"), which were reflected in the minutes of the meetings. The acts of Management were taken to implement the resolutions of the Board of Directors or its Committees or in the general conduct of business.

The Chairman asked the stockholders if they have any questions or comments. There being no question on the item under consideration, the Chairman requested for a motion for approval.

On motion of Mr. Rafael Nestor V. Mantaring, seconded by Mr. Lucrecio B. Mendoza, the stockholders approved and ratified all acts and resolutions during the preceding year of the Board of Directors, Executive Committee, and other Board Committees and the acts of Management taken and adopted since 12 April 2013 until 4 April 2014 to implement the resolutions of the Board or its Committees or in the general conduct of business and adopted Resolution No. S-03-14. The text of the following Resolution No. S-03-14 was shown on the screen:

### Resolution No. S-03-14

**RESOLVED**, to approve, ratify and confirm all resolutions of the Corporation's Board of Directors, the Executive Committee, and other Board Committees, as well as all the acts of the Management taken or adopted since the annual stockholders' meeting on 12 April 2013 until today as reported by the Corporation's Secretary.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the motion are as follows:

	For	Against	Abstain
Number of Shares Voted	2,479,726,244	1,000	0
% of Shares Voted	99.99%	99.99%	0%

## 8. Election of Directors

The next item in the agenda was the election of eleven (11) members of the Board of Directors for the ensuing year. The Chairman requested the Chairman of the Nomination Committee, Mr. Fernando Zobel de Ayala, to explain this item.

Mr. Fernando Zobel de Ayala explained that, in accordance with the requirements of the Corporation's By-laws, the Manual of Corporate Governance and the SEC Rules, the names of the following nominees to the Board of Directors had been submitted to the Nomination Committee, and each one has accepted the nomination in writing:

Jaime Augusto Zobel de Ayala  
Arthur R. Tan  
Rafael Ma. C. Romualdez

Fernando Zobel de Ayala  
 Delfin L. Lazaro  
 Hiroshi Nishimura  
 Jose Ignacio A. Carlos  
 Delfin C. Gonzalez Jr.  
 John Eric T. Francia  
 Alelie T. Funcell  
 Edgar O. Chua

Messrs. Chua and Nishimura and Ms. Funcell had been nominated as independent directors.

Mr. Fernando Zobel de Ayala further reported that all the nominees possessed all the qualifications and none of the disqualifications under the Corporation's By-Laws and Manual of Corporate Governance, and were eligible to be nominated and elected directors of the Corporation.

The Chairman noted that the number of nominees was equal to the number of directors to be elected. Given this, and there being no questions from the stockholders and without prejudice to the right of the stockholders to vote for the directors and the tabulation of the votes, the Chairman declared the eleven (11) nominees elected, to serve as directors from the date of the meeting until their successors are duly elected and qualified.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes received by the nominees are as follows:

Director	For	Against	Abstain
Jaime Augusto Zobel de Ayala	2,012,939,645	0	0
% of Shares Voted	81.18%	0%	0%
Fernando Zobel de Ayala	2,011,274,757	0	0
% of Shares Voted	81.14%	0%	0%
Delfin L. Lazaro	2,011,153,505	0	0
% of Shares Voted	81.10%	0%	0%
Arthur R. Tan	2,012,166,202	0	0
% of Shares Voted	81.14%	0%	0%
Delfin C. Gonzalez Jr.	2,011,153,505	0	0
% of Shares Voted	81.10%	0%	0%
John Eric T. Francia	2,011,153,505	0	0
% of Shares Voted	81.10%	0%	0%
Rafael Ma. C. Romualdez	2,011,173,505	0	0
% of Shares Voted	81.10%	0%	0%
Jose Ignacio A. Carlos	2,011,153,505	0	0
% of Shares Voted	81.10%	0%	0%
Alelie T. Funcell	2,011,152,405	0	0
% of Shares Voted	81.10%	0%	0%
Hiroshi Nishimura	2,011,154,305	0	0
% of Shares Voted	81.10%	0%	0%
Edgar O. Chua	2,011,172,405	0	0
% of Shares Voted	81.10%	0%	0%



## 9. Election of External Auditor

At the request of the Chairman, Mr. Delfin C. Gonzalez, Member of the Audit and Risk Committee, informed the stockholders that the Committee evaluated and was satisfied with the performance of the Corporation's external auditor, SGV. Thus, the Committee and the Board agreed to endorse the election of SGV as the external auditor of the Corporation for the current fiscal year for an audit fee of Pesos: Three Million Five Hundred Thousand (PhP3,500,000.00), exclusive of VAT and out-of-pocket expenses.

The Chairman opened the floor for questions or comments, but no stockholder raised any question or comment. Thereafter, on motion of Mr. Rodel S. Buan, seconded by Ms. Mary Ann S. Natividad, the stockholders elected SGV as external auditor of the Corporation for the current fiscal year and approved SGV's audit fee, and adopted the following Resolution No. S-04-14, which was shown on the screen:

### Resolution No. S-04-14

**RESOLVED**, as endorsed by the Board of Director, to approve the re-election of SyCip Gorres Velayo & Company as the external auditor of the Corporation for the year 2014 for an audit fee of Pesos: Three Million Five Hundred Thousand (PhP3,500,000.00), exclusive of value-added tax and out-of-pocket expenses.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the election of SGV as external auditor of the Corporation, the approval of its audit fee, and the adoption of Resolution No. S-04-14 are as follows:

	For	Against	Abstain
Number of Shares Voted	2,479,727,244	0	0
% of Shares Voted	100%	0%	0%

## 10. Other Matters

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

Mr. Turner stated that he voted against three items in the agenda and asked why his votes were not reflected in the results presented. Mr. Hermosura replied that the tabulation is not continuous and the final tally of votes will be reflected in the minutes of the meeting.

Mr. Guillermo Gili congratulated the Management for the Corporation's net income growth. He asked whether the Corporation may be compared with Aeonix. The Chairman replied that these companies cater to different markets. Mr. Tan added that both are very successful Filipino companies.

## 11. Adjournment

There being no other matters to discuss, on motion of Mr. Olaf Gresens, seconded by Mr. Agaton Nerisa M. Arela, the meeting was adjourned.

RECORDED BY:



**SOLOMON M. HERMOSURA**  
Corporate Secretary



ATTESTED BY:



**JAIME AUGUSTO ZOBEL DE AYALA**  
Chairman of the Board & of the Meeting