FINAL PROSPECTUS STRICTLY CONFIDENTIAL

Integrated Micro-Electronics, Inc.

(incorporated in the Republic of the Philippines)

Primary Offer of 215,000,000 Common Shares at an Offer Price of **₱7.50** per Offer Share, with an Oversubscription Option of up to 85,000,000 Common Shares to be listed and traded on the Main Board of The Philippine Stock Exchange, Inc.

Issue Manager, Bookrunner and Lead Underwriter

BPI Capital Corporation

BPI Capital Corporation is a wholly-owned subsidiary of Bank of the Philippine Islands (the "Bank"). The capital stock of the Company is effectively 57.86% held by Ayala Corporation, which also holds 48.6% of the Bank. See further discussion in the Related Party Transactions section on page 136 and Plan of Distribution Section on page 162.

Participating Underwriters

INVESTMENT & CAPITAL CORPORATION OF THE PHILIPPINES

SB CAPITAL
A Subsidiary of Security Bank

The date of this Prospectus is 21 November 2014

THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION.

Integrated Micro-Electronics, Inc.
North Science Avenue, SEPZ
Laguna Technopark
Biñan, Laguna
Telephone Number: +63-2-7566840
Corporate Website: www.global-imi.com

This Prospectus relates to the offer and sale (the "Offer") of 215,000,000 Common Shares at an Offer Price (as defined below) of ₱7.50 (the "Firm Offer," and such shares, the "Firm Shares"), with a par value of ₱1.00 per common share (the "Common Shares"), of Integrated Micro-Electronics, Inc., a corporation organized under Philippine law (the "Company" or the "Issuer"). In the event of an oversubscription to the Offer, the Sole Bookrunner, Issue Manager and Lead Underwriter, with the consent of the Company, reserves the right to increase the size of the Offer up to an additional 85,000,000 new Common Shares (the "Oversubscription Option", and such shares, the "Option Shares"), for an aggregate Offer size of up to 300,000,000 Common Shares (the "Offer Shares"). The Oversubscription Option, to the extent not exercised during the Offer Period (as defined below), shall be deemed cancelled and the Option Shares shall remain unissued. The Firm Shares will comprise 215,000,000 new Common Shares to be issued and offered by the Company by way of a primary offer as further described below while the Option Shares will comprise up to 85,000,000 new Common Shares to be issued and offered by the Company.

Pursuant to its articles of incorporation as amended on 12 August 2010, the Company has an authorized capital stock of ₱3,750,000,000 divided into 2,250,000,000 Common Shares and 1,500,000,000 Preferred Shares, both with a par value of ₱1.00 per share each. As of 31 August 2014, 1,634,078,073 Common Shares and 1,300,000,000 Preferred Shares are outstanding and fully paid. The Offer Shares are Common Shares of the Company.

The Offer Shares will be offered at a price of ₱7.50 per Offer Share (the "Offer Price"). The determination of the Offer Price is further discussed on page 54 of this Prospectus. Assuming full exercise of the Oversubscription Option, a total of up to 1,934,078,073 Common Shares will be outstanding after the Offer. The Offer Shares will comprise up to 15.51% of the outstanding Common Shares after the Offer, assuming full exercise of the Oversubscription Option.

The total gross proceeds to be raised by the Company from the sale of the Firm Shares will be approximately ₱1,612.5 million. The estimated net proceeds to be raised by the Company from the sale of the Firm Shares (after deducting fees and expenses payable by the Company of approximately ₱43.5 million will be approximately ₱1,569.0 million. In the event that the Company exercises its Oversubscription Option in full, the estimated net proceeds to be raised by the Company from the sale of the Firm Shares and the Option Shares (after deducting fees and expenses payable by the Company of approximately ₱57.0 million, will be approximately ₱2,193.0 million. The Company intends to use the net proceeds it receives from the Firm Offer (and the Oversubscription Option, if exercised) for capital expenditure, business expansion, refinancing and working capital requirements of the Company. For a more detailed discussion on the proceeds from the Firm Offer and the Company's proposed use of proceeds, please see "Use of Proceeds" beginning on page 48 of this Prospectus.

The Issue Manager, Bookrunner and Lead Underwriter (as defined below) will receive a transaction fee from the Company equivalent to 1.80% of the gross proceeds from the sale of the Offer Shares, inclusive of the amounts to be paid to the Participating Underwriters and Selling Agents. For a more detailed discussion on the fees to be received by the Issue Manager, Bookrunner and Lead Underwriter and the Participating Underwriters, see "Plan of Distribution" beginning on page 162 of this Prospectus.

Each holder of the Common Shares will be entitled to such dividends as may be declared by the Company's Board of Directors (the "Board"), provided that any stock dividend declaration requires the approval of shareholders holding at least two-thirds of the Company's total outstanding capital stock. The Corporation Code of the Philippines, Batas Pambansa Blg. 68 (the "Philippine Corporation Code"), has defined "outstanding capital stock" as the total shares of stock issued, whether paid in full or not, except treasury shares. Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stock. The Company currently does not have a minimum dividend policy: the payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors. Please see "Dividends and Dividend Policy beginning on page 51 of this Prospectus."

Up to 150,500,000 of the Firm Shares (or 70% of the Firm Shares) are being offered and sold at the Offer Price to qualified institutional buyers ("QIBs") in the Philippines. Out of the Offer Shares, up to 43,000,000 Firm Shares (or 20% of the Firm Shares) are being offered to all of the trading participants of the PSE (the "PSE Trading Participants"). The remaining up to 21,500,000 Firm Shares (or 10% of the Firm Shares) are being offered to Local Small Investors ("LSIs"). BPI Capital Corporation will act as the Issue Manager, Bookrunner and Lead Underwriter of the Offer. Investment & Capital Corporation of the Philippines and SB Capital Investment Corporation will act as Participating Underwriters of the Offer. (BPI Capital Corporation, Investment & Capital Corporation of the Philippines and SB Capital Investment Corporation shall collectively be referred to as the "Underwriters"). Details regarding the fee to be received by the Issue Manager, Bookrunner and Lead Underwriter and Participating Underwriters can be found under "Plan of Distribution." Prior to the closing of the Offer, any allocation of Offer Shares not taken up by the PSE Trading Participants and LSIs shall be distributed by the Underwriters to their clients or to the general public. Pursuant to their firm underwriting commitments for the Offer, Offer Shares not taken up by the PSE Trading Participants, the clients of the Underwriters, or the general public shall be purchased by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

All of the Common Shares issued and to be issued or sold pursuant to the Offer have identical rights and privileges. The Common Shares may be owned by any person or entity regardless of citizenship or nationality, subject to the nationality limits under Philippine law. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in certain activities.

The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. To the best of its knowledge and belief, the Company, which has taken reasonable care to ensure that such is the case, confirms that the information contained in this Prospectus relating to it and its operations is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect and that the Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus with respect to the same.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Common Shares. These risks include:

- risks relating to the Company's business,
- risks relating to countries where the Company operates (including the Philippines),
- risks relating to the Offer and the Offer Shares, and
- risks relating to certain statistical information in this Prospectus.

Please refer to the section entitled "Risk Factors" beginning on page 30 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

The Common Shares are (and, upon close of the Offer, the Offer Shares will be) listed on The Philippine Stock Exchange, Inc. (the "PSE") under the trading symbol "IMI." On 20 November 2014, the closing price of the Common Shares on the PSE was ₱8.01. The Offer Price was determined by the Company and the Issue Manager, Bookrunner and Lead Underwriter, through a book building process and discussions between the Company and the Issue Manager, Bookrunner and Lead Underwriter and not by reference to the historical trading price of the Common Shares on the PSE. Investors should not rely on the historical market price of the Common Shares on the PSE as an indicator of the value of the Common Shares. See "Determination of the Offer Price" on page 54 of this Prospectus.

An application for listing of the Offer Shares was approved on 12 November 2014 by the Board of Directors of the PSE, subject to the fulfillment of certain listing conditions. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of this Prospectus. Such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Offer Shares by the PSE or the Securities and Exchange Commission of the Philippines (the "SEC").

An application was made to the SEC to register the Offer Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act ("R.A.") No. 8799) (the "SRC"). Subsequently, the SEC issued a pre-effective clearance on 20 November 2014. Any approval for registration of the Offer Shares by the SEC does not constitute a recommendation or endorsement of the Offer Shares by the SEC.

The Offer Shares are offered subject to receipt and acceptance of any order by the Company and subject to its right to reject any order in whole or in part. It is expected that the Offer Shares will be delivered in book-entry form against payment to the Philippine Depository and Trust Corporation (the "PDTC") on or about 5 December 2014.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

By:

Arthur R. Tan
President and CEO

Republic of the Philippines)
City of Makati) s.s.

Before me, a notary public in and for the city named above, personally appeared with Passport No. EB9832108 issued at DFA Manila on 17 December 2013, who was identified by me through competent evidence of identity to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this NOV 21 2014 day of ______ 2014 at Makati City,

Doc No. 030 :
Book No. 007 :
Page No. VIII :
Series of 2014

ATTY. MARVYN S. LLAMAS
Commission No. M-533
Notary Public for Makati City
Until December 31, 2014
21[st] Flr. Philamlife Tower,
8767 Paseo de Roxas, Makati City
Roll No. 62444
PTR No. 4230601 / 3-Jan-2014 / Makati City
IBP No. 946226 / 2-Jan-2014 / Makati City

No representation or warranty, express or implied, is made by the Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters regarding the legality of an investment in the Offer Shares under any legal, investment or similar laws or regulations. No representation or warranty, express or implied, is made by the Issue Manager, Bookrunner and Lead Underwriter and the Participating Underwriters as to the accuracy or completeness of the information herein and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Issue Manager, Bookrunner and Lead Underwriter and the Participating Underwriters. The contents of this Prospectus are not investment, legal or tax advice. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of the Company and the terms of the Offer, including the merits and risks involved. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited.

THE OFFER SHARES ARE BEING OFFERED IN THE PHILIPPINES ON THE BASIS OF THIS PROSPECTUS ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES IN THE PHILIPPINES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

Market data used throughout this Prospectus has been obtained from market research, reports and studies, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, industry forecasts, market research and the underlying economic assumptions relied upon therein, while believed to be reliable, have not been independently verified, and none of the Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters makes any representation as to the accuracy of that information.

The operating information used throughout this Prospectus has been calculated by the Company on the basis of certain assumptions made by it. As a result, this operating information may not be comparable to similar operating information reported by other companies.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. The Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or resells the Offer Shares or possesses and distributes this Prospectus and must obtain any consents, approvals or permissions required for the purchase, offer, sale or resale by it of the Offer Shares under the laws, rules and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or resales, and none of the Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters shall have any responsibility therefor.

The Company reserves the right to withdraw the offer and sale of Offer Shares at any time, and the Issue Manager, Bookrunner and Lead Underwriter and the Participating Underwriters reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. The Issue Manager, Bookrunner and Lead Underwriter and the Participating Underwriters and certain related entities may acquire for their own account a portion of the Offer Shares.

Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

Conventions which apply to this Prospectus

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "Company" are to Integrated Micro-Electronics, Inc. and its Subsidiaries on a consolidated basis and all references to the "Parent Company" are to Integrated Micro-Electronics, Inc. All references to the "Philippines" are references to the Republic of the Philippines. All references to the "Government" are to the national government of the Philippines. All references to "United States" or "U.S." are to the United States of America. All references to "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China. All references to "Taiwan" are to the Republic of China. All references to "China" are to the People's Republic of China and, for the purpose of this Prospectus only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan. All references to "Philippine Peso," "₱," "Pesos" and "₱" are to the lawful currency of the Philippines, and all references to "U.S. dollars" and "US$" are to the lawful currency of the United States. The Company publishes its financial statements in U.S. dollars.

The items expressed in the Glossary of Terms may be defined otherwise by appropriate government agencies or regulations from time to time, or by conventional or industry usage.

Presentation of Financial Information

The Company's financial statements are reported in U.S. dollars and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("PFRS") issued by the Financial Reporting Standards Council of the Philippines. PFRS include statements named PFRS, Philippine Accounting Standards and Philippine Interpretations of International Financial Reporting Interpretations Committee.

The financial information for the Company as of and for the seven months ended 31 July 2014 and 2013, and as of and for the years ended 31 December 2013, 2012, and 2011 represent the accounts of the Company on a consolidated basis. Unless otherwise stated, all financial information relating to the Company contained herein is stated in accordance with PFRS.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

The Company's fiscal year begins on 1 January and ends on 31 December of each year. SyCip Gorres Velayo & Co. ("SGV & Co."), a member firm of Ernst & Young Global Limited, has audited and rendered an unqualified audit report on the Company's consolidated financial statements as of and for the seven months ended 31 July 2014 and 2013, and as of and for the years ended 31 December 2013, 2012, and 2011.

Forward-Looking Statements

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks,
- uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from expected future results, and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Company's ability to successfully manage its activities,
- the Company's ability to successfully implement its current and future strategies,
- the Company's ability to successfully manage aggressive growth,
- changes in the Philippine electronics manufacturing and power semiconductor assembly and test services market and the demand for the Company's electronic products and services,
- the Company's ability to maintain its reputation for safety-driven and quality products ,
- the Company's ability to develop products and provide services without delays due to regulatory or other causes,
- the Company's ability to successfully manage its future business, financial condition, results of operations, and cash flow,
- general political, social, and economic conditions and changes in the countries where the Company operates,
- any future political instability in the countries where the Company operates,
- changes in interest rates, inflation rates, and the value of the Peso against the U.S. dollar and other currencies,
- changes in the laws, including tax laws, regulations, policies and licenses applicable to or affecting the Company,
- the Company's continued enjoyment of tax incentives, such as its current income tax holiday with respect to its operations,
- competition in the electronics manufacturing and power semiconductor assembly and test services industry,
- legal or regulatory proceedings in which the Company is or may become involved, and
- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents and natural disasters.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under "Risk Factors" and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Prospectus includes statements regarding the Company's expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "could," and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Company accurately reflect in all material respects the opinions, beliefs and intentions of its management as to such matters as of the date of this Prospectus, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section "Risk Factors" and elsewhere, important factors that could cause actual results to differ materially from the Company's expectations. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

The Company and the Sole Underwriter have exercised due diligence in ascertaining that all material representations contained in the prospectus and any amendments and supplements are true and correct, and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

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GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below.

ADAS	Advanced Driver Assisted System
Application	the documents to purchase or subscribe to the Offer Shares
Articles	the Articles of Incorporation of the Company
Banking Day or Business Day	a day on which commercial banks are open for business in Makati City, Metro Manila
BIR	Bureau of Internal Revenue
Board of Directors or Board	the Board of Directors of the Company
BOI	Board of Investments, the lead investments promotion agency of the Philippines
BSP	*Bangko Sentral ng Pilipinas*, the central bank of the Philippines
By-Laws	the By-Laws of the Company
CAGR	compound annual growth rate
Participating Underwriters	Investment & Capital Corporation of the Philippines and SB Capital Investment Corporation
Common Shares	common shares of the Company with a par value of ₱1.00 per share
Company or Group or Issuer or IMI	Integrated Micro-Electronics, Inc., a corporation incorporated in the Philippines, references to the Company include references to its Subsidiaries, unless the context otherwise requires
Congress	the Congress of the Philippines, which comprises the House of Representatives and the Senate
Debt-to-Equity Ratio	the Company's total bank borrowings divided by its total equity attributable to the equity holders of the Parent Company as described in the Consolidated Financial Statements included in this Prospectus
Director(s)	the director(s) of the Company
DPPM	defective parts per million, a Six Sigma metric used in manufacturing to measure quality performance
EBITDA	net operating income after adding depreciation and amortization, cost of share-based payments and foreign exchange gains (losses)
EMS	Electronics manufacturing services
ETF	Exchange Traded Fund

E.O. 226	Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987
Firm Offer	the offer and sale of 215,000,000 Common Shares of the Company
Firm Shares	the Common Shares relating to the Firm Offer
Government	the national government of the Republic of the Philippines
Gross Margin	the Company's gross profit divided by total revenue as described in the Consolidated Financial Statements included in this Prospectus
IMI Japan	IMI Japan, Inc.
IMI Singapore	IMI International (Singapore) Pte. Ltd.
IMI USA	IMI USA, Inc.
IMI EU/MX	Subsidiaries in Bulgaria, Czech Republic, and Mexico
IPP	Investment Priorities Plan, an annual publication by the BOI that defines the areas of business that it intends to promote
IRO	Investor Relations Officer
IRRs	Implementing Rules and Regulations of the SRC, as amended
IT	information technology
LEAN	a systematic approach in identifying and eliminating wastes (non-value added activities) through continuous improvement by flowing the product at the pull of the customer
LSI	Local Small Investor
MPO	minimum public ownership
Net Income Margin	the Company's net income attributable to equity holders of the Parent Company divided by total revenue as described in the Consolidated Financial Statements included in this Prospectus
ODM	Original design manufacturer
OEMs	Original equipment manufacturers
Offer	the offer and sale of the Offer Shares
Offer Price	₱7.50 per Offer Share
Offer Shares	the Firm Shares and the Optional Shares
Optional Shares	the Common Shares relating to the Oversubscription Option
Oversubscription Option	the option granted by the Company to the Issue Manager, Bookrunner and Lead Underwriter, in discussion with the Company, to increase the Offer by up to an

	additional 85,000,000 Common Shares
Participating Underwriters	Investment & Capital Corporation of the Philippines and SB Capital Investment Corporation
PCBA	printed circuit board assembly
PDTC	the Philippine Depositary & Trust Corporation
Pesos, Philippine Pesos, ₱, ₱ and Philippine currency	the legal currency of the Republic of the Philippines
PFRS	Philippine Financial Reporting Standards
Philippine Constitution	also known as the 1987 Constitution, the supreme law of the Republic of the Philippines
Philippine Corporation Code	*Batas Pambansa Blg. 68*, also known as the Corporation Code of the Philippines
Principal Shareholders	AYC Holdings, Ltd., Resins, Inc. (thru PCD), and EPIQ N.V.
P&L	Profit and Loss Statement
PSA	Philippine Standards on Auditing
PSE	The Philippine Stock Exchange, Inc.
PSE Trading Participants	the trading participants of the PSE in the Philippines
PSi Technologies	PSi Technologies, Inc.
R.A.	Republic Act, which refers to a statute enacted by the Senate or the House of Representatives
Receiving Agent	BPI Stock Transfer Office, a corporation duly licensed and authorized to operate in the Philippines, with address at 16th floor, BPI Head Office Building, Ayala Avenue corner Paseo de Roxas, Makati City, Philippines
RoHs	the directive referred to as “Restriction of Hazardous Substances,” an initiative of the European Union and eventually adopted by the United States and Canada as a method to set maximum concentration limits on hazardous materials used in electrical and electronic equipment (namely, lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) and polybrominated diphenyl ethers (PBDE)) and help prevent dangerous chemicals from reaching landfills in large numbers, while providing additional safety to customers
SATS	Semiconductor Assembly and Test Services
SEC	the Philippine Securities and Exchange Commission
Senate	the Senate of the Philippines, one of the two branches of the Congress

Selling Agents	PSE Trading Participants
Issue Manager, Bookrunner and Lead Underwriter	BPI Capital Corporation
SRC	R.A. No. 8799, also known as the Securities Regulation Code of the Philippines
SSS	the Republic of the Philippines Social Security System
STEL	Speedy-Tech Electronics Ltd.
Subsidiaries	IMI Japan, IMI Singapore, IMI USA, and PSi Technologies
Underwriters	BPI Capital Corporation, Investment & Capital Corporation of the Philippines, and SB Capital Investment Corporation
Unrestricted Retained Earnings	the undistributed earnings of a corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends, see "Dividends and Dividend Policy – Limitations and Requirements" on page 51 of this Prospectus.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this Prospectus, including the Company's audited consolidated financial statements and related notes included elsewhere in this Prospectus. Capitalized terms not defined in this summary are defined in the "Glossary of Terms," "Risk Factors," "Business" or elsewhere in this Prospectus.

Overview

The Company, incorporated on 8 August 1980, is one of the leading global providers and widely recognized experts of electronics manufacturing services ("EMS") and power semiconductor assembly and test services ("SATS"). The Company serves original equipment manufacturers ("OEMs") in diversified markets, including those in the automotive, telecommunications infrastructure, industrial, storage device, medical, and consumer electronics industries. The key services the Company provides are design and engineering solutions, advance manufacturing engineering capabilities, new product introduction services, manufacturing solutions, reliability test, failure analysis, and equipment calibration capabilities, test and system development, and support and fulfillment. As of 31 December 2013, the Company had revenues, EBITDA, and net income attributable to equity holders of the Parent Company of US$745.0 million, US$36.4 million, and US$10.5 million, respectively.

The Company ranks 21st in the list of top 50 EMS providers in the world as of the July 2014 report of Manufacturing Market Insider, determined based on 2013 EMS-related revenues. It also ranks 8th in the latest list of top 10 EMS providers in the automotive market as of the July 2014 report of New Venture Research Corp., determined based on 2013 EMS-related revenues of various EMS providers.

The Company's plants in China and the Philippines are strategic in reaching the customers in China, Japan, and other parts of Asia, while its facilities in North America and Europe serve OEMs that are implementing an active regional outsourcing strategy as a means to lower total cost of production.

As of 31 July 2014, the Company has total manufacturing space of approximately 223,000 square meters in 14 factory sites with a workforce of over 15,000 employees worldwide. The diagram below shows the location of the Company's various facilities worldwide.

The Company's global presence allows it to provide solutions to OEMs catering to regional and international markets. Given the Company's presence worldwide, it is able to provide its customers access to a number of services and resources through its manufacturing facilities, engineering and design centers, and sales networks in Asia (China, Singapore, Japan, and the Philippines), North America (U.S. and Mexico), and Europe (Bulgaria, Czech Republic, France, and Germany).

The Company also has capabilities to offer customers low-volume/high-mix and high-volume/low mix manufacturing. These flexible capabilities of the Company allow the Company to address its customers' varying demands at various stages of product development and production. Through its facilities across continents, the Company is able to lend its expertise in design and engineering, advanced manufacturing engineering, new product introduction, and design for manufacturability and simultaneous engineering to its customers, making it an effective strategic partner for its customers in creating and introducing innovative products to the market.

The Company, organized and registered under the laws of the Philippines on 8 August 1980, has four subsidiaries, namely: IMI International (Singapore) Pte. Ltd. ("IMI Singapore"), IMI USA, Inc. ("IMI USA"), IMI Japan, Inc. ("IMI Japan"), and PSi Technologies Inc. ("PSi," a Philippine corporation). IMI Singapore, IMI USA, and IMI Japan are wholly owned subsidiaries while PSi is 83.25% owned by the Company, and the remaining 16.75% by Narra Venture Capital II, LP and Narra Associates II Limited ("Narra VC"). On 21 January 2010, the Company was listed by way of introduction in the PSE. These subsidiaries carry out the business of the Company through various operating entities organized in different jurisdictions.

- IMI Singapore wholly owns STEL and IMI EU/MX (through Monarch Elite and Cooperatief IMI). STEL and IMI EU/MX are both engaged in the procurement of raw materials and supplies, and provide EMS services and power electronics solutions to OEM customers in the automotive, industrial, telecom consumer electronics, computer peripherals, and medical, among others.

- IMI USA, incorporated and is domiciled in California, USA, is at the forefront of technology with regard to precision assembly capabilities including surface mount technology, chip on flex, chip on board and flip chip on flex. It specializes in prototyping low to medium printed circuit board assembly and sub-assembly. It is also engaged in engineering, design for manufacturing technology, advanced manufacturing process development, new product innovations, direct chip attach and small precision assemblies.

- IMI Japan was registered and is domiciled in Japan to serve as IMI's front-end design and product development and sales support center. IMI Japan was established to attract more Japanese OEMs to outsource the product development and manufacturing to IMI.

- PSi is a power semiconductor assembly and test services company serving niche markets in the global power semiconductor market. It provides comprehensive package design, assembly and test services for power semiconductors used in various electronic devices.

See "Subsidiaries" beginning on page 112 of this Prospectus. See also the chart under "Business - Corporate Structure" on page 102 of this Prospectus for an illustration on the various subsidiaries and operating entities of the Company.

On 21 January 2010, the Company was listed by way of introduction in the PSE. The Company is registered with the Philippine Economic Zone Authority ("PEZA") as an exporter of printed circuit board assembly ("PCBA"), flip chip assembly, box build sub-assembly, enclosure system, and provider of electronics product design, research and development, product development outsourcing, and other electronic parts, among others. It is also engaged in the business of providing test development and systems integration services and distributing related products and equipment and related services. These PEZA registrations entitle the Company to a four-year income tax holiday ("ITH") and an option to apply for ITH extension for a maximum of three years subject to various PEZA requirements. As of 31 July 2014, there are four project activities with ITH entitlement which will expire in 2017. Under its PEZA registrations, the Parent Company's projects and activities are subject to certain requirements and are entitled to certain incentives, which include, but are not limited to, ITH and tax and duty free importation of inventories and capital equipment. Upon expiration of the ITH on these projects and activities, the Parent Company will be subject to a 5% tax on gross income earned after certain allowable deductions provided under Republic Act (R.A.)

No. 7916 (otherwise known as the "Special Economic Zone Act of 1995"), in lieu of payment of national and local taxes.

COMPETITIVE STRENGTHS

1. ***Strong position in the EMS industry***

Through strong customer focus and collaboration efforts, the Company has created a trusted brand in the EMS field. This has resulted in the Company to consistently rank among the top EMS providers in the world, with its current ranking being 21st per the latest top 50 list of *Manufacturing Market Insider* based on 2013 EMS-related revenues.

The Company has broadened its footprint from having only Philippines-based manufacturing sites in 2004, to having multiple sites spread out in the Philippines, China, Mexico, the USA, Bulgaria, and the Czech Republic. These sites provide solutions to OEMs catering for both regional and international markets. The variety of IMI's locations has generated diversity in markets, capabilities, and technologies to service the needs of a wider client base.

The Company, not being complacent with its position in the industry, continues to create new services and improve existing capabilities and technologies. It strives for customer loyalty by creating relationships and understanding of the needs, preferences, and constraints of each of its customers.

2. ***Proven superior technical expertise, competence, and resources to continue to deliver quality solutions and products to customers***

With more than 30 years of experience in the industry, the Company is today a widely recognized expert in providing comprehensive manufacturing services and higher value solutions to its customers. The Company believes that its extensive industry experience in full service manufacturing has equipped it and its management with in-depth knowledge to meet the quality requirements of its customers.

Exceptionally low DPPM rate demonstrates superior quality processes and products

Focused in delivering superior manufacturing services to its customers, the Company's expertise and commitment to quality in terms of product, process, and methods are proven. For instance, in the automotive industry, where a single digit defective parts per million (DPPM) rate is required, IMI has consistently met or exceeded rigorous standards for automotive manufacturing. The Company's ability to control the quality of its products and production process as a result of careful planning, design, and execution, enables it to translate this to reduced process cycle time or costly variations, and higher customer satisfaction and increased profits.

High quality, high reliability production process and facilities

The Company attributes its ability to deliver and exceed quality expectations from its customers to its quality manufacturing process, which is characterized by strict process control, robust engineering systems and concentration to quality assurance. The Company provides appropriate controls to ensure that quality is maintained and continuously improved through its Corporate Quality and Reliability Division which is tasked to thoroughly examine and test the product and production processes prior to the commencement of and during production, and not only at the end of the production process, to effectively prevent or, where necessary, uncover defects even before the product is manufactured or packaged for delivery and ensures that time and resources are not wasted in the creation of defective products.

All the facilities of the Company are ISO9001:2000 certified in accordance with international quality standards. It also complies with ISO/TS 16949 quality management system for automotive products, and ISO 13485 quality management system for medical products. The Company also has an ISO 17025-accredited Quality Technical Support (QTS) laboratory capable of detecting RoHS hazardous substances (such as lead). Since the start of its operations, the Company has received several awards, including the country's first ISO

9000 certificate from the Bureau of Product Standards for its world-class quality system in 1992, the Operations Management Award from the World Executive Digest for being a world-class manufacturing company using state-of-the-art technology to produce integrated circuits of the highest quality in 1991, the Golden Shell Award for Manufacturing Excellence from the Department of Trade and Industry for its outstanding quality of its manufacturing operations in 1996, the ISO 14001 Environmental Management System certification in 2000, the Philippine Quality Award (PQA) for Mastery in Quality Management, the highest distinction given to a company in the Philippines for quality system excellence, in 2001, the Circuits Assembly's Service Excellence Awards, specifically for Manufacturing Quality and Dependability/Timely Delivery for medium-sized electronic manufacturing services company category in 2006, the Circuits Assembly's Service Excellence Award for Highest Overall Customer Ranking for medium-sized electronic manufacturing services company category in 2007, and a Gold Award in the Institute of Corporate Directors (ICD) Top Corporations in Corporate Governance. Further, IMI has been recognized as preferred supplier of many OEMs, including Robert Bosch GmbH (Bosch), a leading OEM parts supplier in the automotive market. IMI has maintained its preferred supplier status with Bosch due to IMI's superior competence and performance for five consecutive years since 2010.

Excellent management and team of expert personnel

The Company's senior management team is composed of long-tenured industry veterans with an average of 20 years of relevant experience in their respective fields. The senior management team is supported by a team of highly experienced general managers capable of leading day-to-day operations and executing business decisions. Most importantly, the Company leverages on its more than 2,000 engineers and technicians and 125 focused design and development engineers to develop solutions for its customers. Customers who come face-to-face with the Company's personnel are assured that they are experts in their respective fields who are able to provide sound recommendations and results.

3. ***Ability to provide customized solutions and comprehensive range of capabilities that allow for better flexibility, options and convenience to the customer***

The Company works directly with its customers to co-develop technologically advanced products, taking into account the customers' respective objectives, priorities, systems, constraints and requirements. It is involved from the earliest lifecycle of the client engagement to define the right solution for the customer. The Company delivers the right people who are trained and guided by the right leadership and enabled by the right technology to make a meaningful impact on the customers' businesses. This product co-development and design for manufacturability capabilities has generated customer loyalty and repeat business.

To continuously provide its customers with customized solutions, the Company consistently develops and equips itself and its teams with constant research, study, exposure and training to supplement and enhance the Company's in-depth knowledge of the industry and that of its customers' and of new innovations and emerging technologies. Its various teams are currently involved in different research and development areas in the fields of design and development, advanced manufacturing engineering, and test and systems development for various products and components.

Research and Development

The Design and Development (D&D) Team has significantly enhanced competencies in electronic and mechanical design, and software development while also actively engaging in the development of platforms for the next generation projects. For example, the motor drive platform achieves high quality and reliability; the automotive camera platform offers excellent thermal management properties and optical performance; and the power modules utilize proprietary processes to achieve excellent thermal performance.

The Company has designed and built automated assembly machines incorporating a variety of new technologies including:

- Robotics
- 3D-machine vision systems
- Precision pressfit technology
- Laser marking system

One example of a partially automated production line is a rotary assembly machine, combining eight different production steps into a single, compact footprint. Through various steps, including optical and fuctional tests with laser precision, the rotary assembly machine ultimately separates the substandard parts from those that passed quality standards. This requires zero manual handling and adds a high-resolution 3D inspection process. Automation strongly supports the zero-defect program implemented by IMI China by improving quality and repeatability at critical process steps.

Another example is dual-robot handler in the plastic injection molding line in IMI Mexico that performs precision based steps with high accuracy that, without automation, would not have been possible to attain the tight tolerance in the insertion process, the high repeatability in the cycle time, and the high up-time of the injection machine.

The Advanced Manufacturing Engineering (AME) group in IMI USA (Tustin, California) continues to offer a unique variety of engineering services, drawing from its long history of leading the industry in fine precision-assembly technologies. AME collaborates with D&D on a low cost automotive camera using Himax and flip chip technologies, and also works with D&D Europe on the power module platform.

With an extensive understanding of the market, the Company also provides end-to-end services to its customers ranging from simple assembly functions to complex box build services, from design and development, product reliability testing, materials management, logistics solutions and support services. This comprehensive range of capabilities grants greater flexibility and provides focused options for the customers. Its range of capabilities has also enabled the Company to develop a wide skill set and less reliance on a particular service capability. With its end-to-end services, the Company believes that it has become a "one stop shop", able to cater to the various requirements of its customers. By offering a wide array of services, the Company provides its customers with further convenience as they would no longer have to select multiple providers for products, thus enhancing the value that the Company can offer to customers.

4. ***Ability to cater to diverse industries and markets with strong exposure to high growth markets such as for the automotive, industrial and medical segments***

The Company's customers come from a diverse range of industries, including automotive, industrial, telecommunications infrastructure, computing and medical. The table below illustrates the breakdown of the Company's revenues by industry:

Industry	As of July 2014 (7 months)	2013	2012	2011	2010
Automotive	38%	37%	31%	18%	9%
Telecom	20%	18%	19%	19%	27%
Industrial	14%	15%	17%	18%	20%
Consumer	12%	14%	16%	20%	22%
Computer peripherals	6%	5%	5%	6%	9%
Medical	3%	3%	3%	4%	6%
Multiple markets/ Others	7%	8%	9%	15%	7%

Since 2010, the Company has achieved its goals of diversifying its revenue base and was able to shift the focus of production to higher margin products such as that for the automotive, industrial and medical segments. The worldwide CAGR for automotive electronics at 7.3% is expected to reach US$314 billion by 2020, driven largely by government and automaker safety initiatives. A vital engine for market growth is the effort among automakers to add advanced driver assistance systems (ADAS), mechanisms that enhance car safety. Based on the 2013 Report of *Strategy Analytics*, the CAGR of ADAS is at 18% from US$6 billion in 2013 to US$18.8 billion in 2020.

Similarly, the industrial electronics market is anticipated to reach US$321 billion by 2018. According to Research & Markets 2014 Report and the medical electronics market will likely hit US$372.4 billion in the same year.

By focusing on the production of components for the automotive, industrial and medical segments where a high level of performance and stringent certification process is required, the Company is able to mitigate risks of competition. New entrants that focus primarily on price likely face significant barriers to entry. While long term contracts are not usually executed by customers, once contracted, the Company is able to keep strong business relations with its customers – 9 of the Company's top 10 customers have kept business relations with the Company for more than 10 years.

5. Broad reach from a global manufacturing footprint

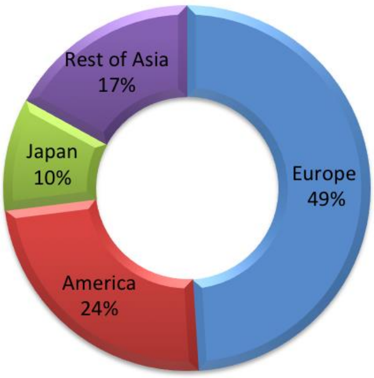
The Company has a global operations and management team operating in and from 14 manufacturing plants and six engineering facilities spread across seven countries around the world. Through these facilities, the Company is able to share manufacturing best practices and engineering and industry experts across its various operations and take advantage of currently strategically low cost manufacturing sites such as those in China, Mexico, and Bulgaria.

The Company's global operations also allow it to leverage on a superior supply chain management and manufacturing expertise to meet the needs of large global customers and from various locations. The Company's size, stability, and geographical reach allow it to attract global OEMs that look for stable partners that can service them in different countries. This is evidenced by an increasing number of global contracts that the Company has been able to secure and develop, with multiple sites serving single customers. The Company's global footprint also allows it to take advantage of future growth in the countries and regions where its manufacturing and engineering facilities are located, such as the development of the automotive and telecommunications infrastructure businesses in China and the expected growth from the U.S. recovery which would benefit Mexico.

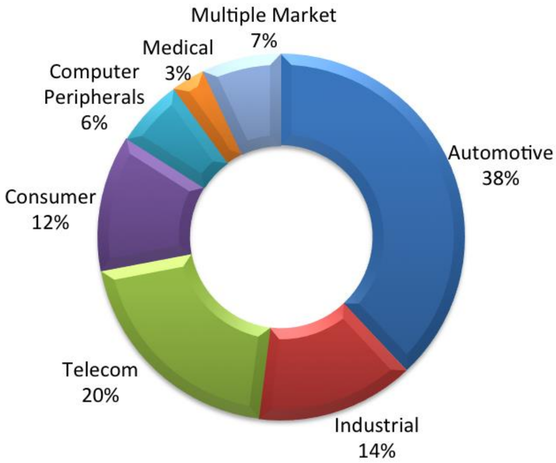
By operating in and from various facilities and offices in Asia, Europe, and North America, the Company is able to take steps to vertically integrate its operations for efficiency and better coordination. The Company has implemented LEAN manufacturing initiatives across its global facilities and has focused on eliminating waste, decreasing inefficiency through the development of robust processes and increasing throughput and value add per person in the manufacturing process. The Company has also been focusing on inventory management and better utilization of materials and employs a tracking system to reduce errors and spot variations in the manufacturing process. Aside from operating and production efficiencies, vertical integration has allowed the Company to realize cost savings and faster turnaround and delivery times through better control and management of its entire supply chain. Furthermore, with its vertical integration initiative, the Company ensures the quality of its products from initial design to full scale production and after sales support. The Company plans to continue pursuing this vertical integration initiative and aims to enhance its supply chain management capabilities, leading to greater efficiency and reduced operating costs.

Below are graphs illustrating the distribution of revenue by customer nationality and by market segment for the 7 months ended July 2014.

By Customer Nationality:



By Industry:



6. ***Ability to execute and integrate strategic acquisitions in order to expand into new markets***

The Company has shown historic success in integrating acquisitions into its global network. Its acquisitions of EPIQ NV's Bulgaria, Mexico, and Czech operations were substantial in increasing the Company's segment net sales to US$235.81 million in 2013 from US$36.6 million in 2010. The Company continues to identify opportunities and parlay its flexible expertise into more productive enterprises to enhance margins and maximize the expected growth revenue of the EMS industry.

Furthermore, the Company's complex manufacturing capabilities allow for the penetration of highly related industries that are difficult to enter, such as the automotive market and the medical industry, which booked 38% of the Company's total revenues as at the seven-month period ended July 31, 2014 a substantial increase from a revenue share of 19% in 2013. This historic success enables the Company to explore other segments, increase its efficiency, and improve its profit margins.

To further enhance revenues from the automotive segment, the Company has made significant advancements in the automotive optics business, producing high quality and efficient products, which it intends to use as leverage across the broader optics market in the future.

Key Strategies

To be a leading global electronics solutions provider, the Company shall pursue the following key strategies:

Focus on high-margin, non-traditional industry segments with high quality requirements, customization

To capture a wider market, the Company shall continue to focus more on high-margin, non-traditional industry segments with long product cycles and high value-add engineering and quality requirements particularly for the following sectors: automotive, industrial, medical and telecommunications infrastructure (which is required to support growth of broadband and data). These four industry segments currently comprise approximately 75% of the Company's total revenues. By targeting industry segments that have high quality requirements such as these, the Company would have a more captured market given the high barriers to entry that these types of industries would typically have, thereby reducing or otherwise eliminating risks of immediate competition from new entrants.

As of the date of this Prospectus, the Company services more than six industry segments, with the automotive segment being the largest in terms of revenue contribution at 38% for the seven-month period ending July 2014.

The expected worldwide CAGR for automotive electronics at 7.3% reaching US$314 billion by 2020, driven in large part by government and automaker safety initiatives, is also anticipated to benefit the Company. A vital engine for market growth is the effort among automakers to add ADAS, mechanisms that enhance car safety, which are a key selling point. Based on the 2013 report of *Strategy Analytics*, the CAGR of ADAS is at 18% from US$6 billion in 2013 to US$18.8 billion in 2020. Similarly, the industrial electronics market is anticipated to reach US$321 billion by 2018 according to *ReportsnReports* (RnR) Market Research 2013 Report. The medical electronics market is also projected to hit US$372.4 billion in the same year according to *ReportLinker* in late 2013. Medical Imaging systems are forecasted to be the fastest growing application with a CAGR of 16.9% by 2018 according to the RnR Market Research 2014 Report.

The Company's plans to focus more on high-margin, non-traditional industry segments includes considering exploring aerospace opportunities where similar to automotive, a high degree of quality and reliability is a key competitive advantage.

Coupled with its thrust to focus on non-traditional industry segments, the Company is positioned to actively pursue customer engagements that require design and development for manufacturability solutions, leveraging on the Company's broad suite of design, engineering, and testing capabilities for standard and complex applications and its highly experienced leadership and team of technical experts. Approximately 16% of IMI's global workforce are engineers and technicians, 125 of whom are focused on design and development (70), advance manufacturing engineering (25), and test and systems applications (30). With this complement, the Company is confident of being able to offer more of its high-value add services and promote new product innovations to be co-developed with its existing and new customers. The Company's vertical integration initiatives likewise support this strategy in order to increase its higher value box (sub-system) build or complete product assembly business, leading to enhanced value creation (i.e. pursue engineered plastics/metals, automated back end, and other adjacent industries) and shift production away from commoditized PCB assemblies.

The Company's shift away from commoditized production and towards higher-value customized assembly is apparent in the increasing contribution of automotive, industrial and medical related assemblies, which, as a group accounted for 55% of revenues in 2013, significantly up from 53% of revenues in 2012.

Provide global scale for global customers

The Company continues to grow its partnership with a diverse base of stable, blue-chip global OEMs. These partnerships enable more reliable growth and stability of customer base as evidence by an average tenure of 12 years of its key customer base. It pursues these global customers by leveraging on the its technical strengths, preferred single-supplier status of some key customers, and global manufacturing presence in Europe, North America, and Asia that allows the Company to serve regional manufacturing needs of these global customers. The Company also intends to continue maintaining its global manufacturing and sales operations in key countries. As these global OEMs expand, the Company expects that they will require a supplier with global presence which the Company is positioned to take advantage of.

Continue to employ LEAN manufacturing and best practices to boost efficiency and lower costs

The Company shall continue to drive operational excellence by evaluating rationalization of facilities with low profitability and by adopting LEAN manufacturing. This strategy shall allow the Company to reduce costs through tighter inventory management and less overhead costs. LEAN manufacturing shall also provide the Company with flexibility to adjust its operations and production in line with a customer's supply and quality requirements.

Furthermore, the Company shall employ best practices and strengthen the organization and leadership by tapping highly qualified and experienced personnel from the Company's global locations, thereby maximizing its human capital resources. Together with its LEAN manufacturing, the Company hopes to realize production efficiencies, faster turnaround and delivery times, and lower production costs.

Enhance supply chain management capabilities

The Company will continue to strengthen and enhance its supply chain management capabilities through its global scale of operations which it believes will enable it to achieve greater bargaining power with suppliers and enable it to negotiate for lower costs and better quality of raw materials.

IMI's turnkey capabilities involve major commodities for direct/indirect materials: passive/active/ mechanical/electro-mechanical components, existing vendor base for over 36,000 line items, and Global sourcing in Asia, U.S., and Europe of over 200 major and strategic suppliers from over 2,000 suppliers listed in our database. IMI is not or is not expected to be dependent upon one supplier for raw materials or other items. IMI also has Vendor Partnership Programs to leverage for the most competitive cost and engaged the supply base on vendor qualification, certification and development.

With regard to inbound and outbound logistics, IMI are partners with the best in the industry. The major lines inbound are Singapore, Japan, Hong Kong, Taiwan, Malaysia, Thailand, Germany, and the U.S. Major lines outbound are U.S., Germany, Malaysia, Hong Kong, Israel, Switzerland, Vietnam, UK, Japan, Singapore, and France.

IMI's warehousing capabilities include housing all direct and indirect materials, management of internal as well as third party logistics provider, satellite warehouses in other IMI plants and under the mySAP™ ERP System. Its mission is to offer strategic and competitive Supply Chain Management for complete order fulfilment of its Customers

Strengthen organization to reinforce ability to venture into new growth areas, build lasting customer relationships

The Company will continue to strengthen its organization, whether in its leadership, expert personnel, and general workforce, through the provision of adequate support and rewards systems for career and personnel advancement, the provision appropriate mentoring structures, exposure to new technological trends, and participation in research and development programs. This will enable the Company to promptly act on opportunities presented by customers, as well as those that require it to develop and/or acquire strategic businesses and venture into new growth areas in order to maintain its profitable growth trajectory despite the changing markets. Some of the new growth areas that the Company is considering include laboratory services, automated back-end system integration, component trading, water control and other equipment, mechatronics, micro-electro-mechanical systems, and glass substrates.

Furthermore, the Company believes that its ability to build lasting customer relationships is primordial to its existence. Thus, it continues to encourage and develop a quality-driven and service-oriented culture for its management and employees, focused on delivering customer satisfaction.

Risks of Investing

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Offer Shares. These risks include:

- risks relating to the Company's business,
- risks relating to countries where the Company operates (including the Philippines),
- risks relating to the Offer and the Offer Shares,
- risks relating to certain statistical information in this Prospectus.

Please refer to the section entitled "Risk Factors" which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of Offer Shares.

Corporate Information

The Company is a Philippine corporation with its principal offices located at North Science Avenue, Laguna Technopark, Biñan, Laguna. The Company's telephone number is +63-2-756-68-40 and its fax number is +63-49-544-03-22. Its corporate website is www.global-imi.com. The information on the Company's website is not incorporated by reference into, and does not constitute part of, this Prospectus.

Investor Relations Office and Compliance Office

The Investor Relations Office is tasked with (a) the creation and implementation of an investor relations program that reaches out to all shareholders and informs them of corporate activities and (b) the formulation of a clear policy for accurately, effectively and sufficiently communicating and relating relevant information to the Company's stakeholders as well as to the broader investor community.

Anthony Raymond P. Rodriguez, the Company's Investor Relations Officer ("IRO"), currently serves as the Company's designated investor relations manager and head the Company's Investor Relations Office. The IRO will also be responsible for ensuring that Company's shareholders have timely and uniform access to official announcements, disclosures and market-sensitive information relating to the Company. As the Company's officially designated spokesperson, the IRO will be responsible for receiving and responding to investor and shareholder queries. In addition, the IRO will oversee most aspects of the Company's shareholder meetings, press conferences, investor briefings, management of the investor relations portion of the Company's website and the preparation of its annual reports. The IRO will also be responsible for conveying information such as the Company's policy on corporate governance and corporate social responsibility, as well as other qualitative aspects of the Company's operations and performance.

Jaime G. Sanchez currently serves as the Company's Acting Compliance Officer to ensure that the Company complies with, and files on a timely basis, all required disclosures and continuing requirements of the SEC and the PSE.

The Company's Investor Relations Office is located at North Science Avenue, Laguna Technopark, Biñan, Laguna.

Recent Developments

Detroit Sales Office

In July 2014, the Company established a sales presence in metropolitan Rochester Hills, Detroit to enhance its services to automotive OEMs in North America.

The Company opened the Detroit office as its first focused effort to serving the U.S. automotive and truck markets. It recognizes Detroit as a key component for its continued growth strategy, which includes the establishment of a global manufacturing and engineering footprint that spans across North America, Europe, and Asia.

The Company envisions the Detroit office as a gateway to allow its substantial U.S.-based customers to gain access to its global capabilities, particularly on advanced manufacturing, value engineering, testing, and volume production.

Singapore Sales Office

In August 2014, it was reported that STEL, a Singapore-based indirect subsidiary of IMI thru IMI Singapore, entered into a sale and purchase agreement of its property in Kian Teck Lane Singapore with DBS Trustee Limited in its capacity as trustee of Soilbuild Business Space REIT, for a purchase consideration of US$22.4 million.

First Half Performance

The Company posted US$11.3 million in net income for the first two consecutive quarters ending 30 July 2014, more than five times the first half of the previous year's profit. The consolidated revenues for the first two consecutive quarters of US$431.0 million grew by 23% from same period of the previous year.

The Company has achieved in 2014 a profitable growth trajectory, driven by increased demand from customers in the telecommunications infrastructure, automotive electronics, and storage device markets.

The Company's business in China posted US$161.0 million in revenue for the first two consecutive quarters ending 30 July 2014, a 32% increase from the previous year's revenue. This was due to the volume expansion in the telecommunications segment. The China EMS operations contributed 37% to the Company's first half revenues.

The Company's business in Europe and Mexico posted combined revenue of US$137.6 million for the first two consecutive quarters ending June 30 2014, an 18% increase from the previous year driven by the sustained growth of its automotive business.

The Company's business in the Philippines posted US$110.1 million in revenues for the first two consecutive quarters ending June 30 2014, a 25% year-on-year growth due mainly to a robust storage device assembly business and an increase in volume of its automotive business.

SUMMARY OF THE OFFER

Issuer	Integrated Micro-Electronics, Inc., a corporation organized under Philippine law with the trading symbol "IMI."
Issue Manager, Bookrunner and Lead Underwriter	BPI Capital Corporation
Participating Underwriters	Investment & Capital Corporation of the Philippines and SB Capital Investment Corporation
Selling Agents	PSE Trading Participants
The Offer	Offer of 215,000,000 Firm Shares, consisting of new Common Shares to be issued and offered by the Company, with an Oversubscription Option of up to an additional 85,000,000 new Common Shares to be issued and offered by the Company. Up to 21,500,000 Firm Shares (or 10% of the Firm Shares) are being allocated to Local Small Investors pursuant to the Local Small Investors Program of the PSE. Each LSI applicant may subscribe up to a maximum of 3,300 Firm Shares at the Offer Price. Up to 43,000,000 Firm Shares (or 20% of the Firm Shares) are being allocation to all of the PSE Trading Participants at the Offer Price. Each PSE Trading Participant shall initially be allocated 323,300 Firm Shares and subject to reallocation as may be determined by the PSE. Based on the initial allocation for each trading participant, there will be a total of 1,100 residual Firm Shares to be allocated as may be determined by the PSE. Offer Shares not taken up by the PSE Trading Participants and the LSIs shall be distributed by the Underwriters to their respective clients or to the general public. Offer Shares not taken up by the PSE Trading Participants, the Underwriters' clients, or the general public shall be purchased by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.
Offer Shares	the Firm Shares and the Optional Shares
Offer Price	₱7.50 per Offer Share
Offer Period	The Offer Period shall commence at 9:00 a.m., Manila time, on November 24, 2014 and end at 12:00 p.m., Manila time, on November 28, 2014. The Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE. Applications and all required attachments, except for PSE Trading Participants, must be received by the Receiving Agent by 12:00 p.m., Manila time on November 28, 2014,

	whether filed through a participating Selling Agent or filed directly with the Underwriters. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to a participating Selling Agent or the Underwriters, and shall be subject to the terms and conditions of the Offer as stated in this Prospectus and in the application. The actual purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE and upon the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled on or before the Listing Date in accordance with the provisions of such agreement.
Eligible Investors	The Offer Shares may be purchased by any natural person of legal age residing in the Philippines, regardless of nationality, or any corporation, association, partnership, trust account, fund or entity residing in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality, subject to the Company's right to reject an application or reduce the number of Offer Shares applied for subscription or purchase if the same will cause the Company to be in breach of the Philippine ownership requirements under relevant Philippine laws.
Use of Proceeds	The Company intends to use the net proceeds from the Offer for capital expenditure, business expansion, refinancing and capital requirements of the Company. See "Use of Proceeds" on page 48 of this Prospectus for details of how the total net proceeds are expected to be applied.
Minimum Subscription	Each application must be for a minimum of 100 Firm Shares, and thereafter, in multiples of 100 Firm Shares. Applications for multiples of any other number of Common Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion.
Lock-up	The Company and the Principal Shareholders have agreed with the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters that they will not, without the prior written consent of the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters, issue, offer, pledge, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Common Shares or securities convertible or exchangeable into or exercisable for any Common Shares or warrants or other rights to purchase Common Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of 90 days after the listing of the Offer Shares. See "Principal Shareholders" on page 131 of this Prospectus and "Plan of Distribution –

	Lock-Up" on page 166 of this Prospectus.
Listing and Trading	All of the Offer Shares to be issued are expected to be listed on the PSE under the symbol and company alias "IMI." See "Description of the Shares" beginning on page 140 of this Prospectus. All of the Offer Shares are expected to be listed on the PSE on or about December 5, 2014. Trading of the Offer Shares that are not subject to lock up is expected to commence on or about December 5, 2014.
Dividends	Each holder of the Common Shares will be entitled to such dividends as may be declared by the Board of Directors, provided that any stock dividend declaration requires the approval of shareholders holding at least two-thirds of the Company's total outstanding capital stock. The Philippine Corporation Code has defined "outstanding capital stock" as the total shares of stock issued, whether paid in full or not, except treasury shares. Dividends declared by the Company on its shares of stock are payable in cash or in additional shares of stock. The Company currently does not have a minimum dividend policy: the payment in the future will depend upon the earnings, cash flow, and financial condition of the Company and other factors. See "Dividends and Dividend Policy" on page 51 of this Prospectus.
Refunds for the Offer	In the event that the number of Offer Shares to be received by an applicant, as confirmed by the Underwriters, is less than the number covered by its application, or if an application is rejected by the Company, then the Underwriters shall refund, without interest, within five (5) banking days from the end of the offer period, all or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving Agent with whom the applicant has filed the application, at the applicant's risk.
Registration and Lodgment of Shares with PDTC	The Offer Shares are required to be lodged with the PDTC. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Offer Shares will be lodged with the PDTC at least two trading days prior to the Listing Date. The applicant may request to receive share certificates evidencing such applicant's investment in the Offer Shares through his/her broker after the Listing Date. Any expense to be incurred by such issuance of certificates shall be borne by the applicant.
Registration of Foreign Investments	The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP only if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See "Philippine Foreign Exchange and Foreign Ownership Controls" beginning on page 160 of this Prospectus.

Restriction on Issuance and Disposal of Shares	See "Lock-up" above and "Principal Shareholders" on page 131 of this Prospectus. These restrictions are in addition to the contractual lock-up described above.
Tax Considerations	See "Philippine Taxation" beginning on page 154 of this Prospectus for further information on the Philippine tax consequences of the purchase, ownership and disposal of the Offer Shares.
Procedure for Application for the Offer	Application forms and signature cards may be obtained from the Underwriters or from any participating Selling Agent. Applicants shall complete the application form, indicating all pertinent information such as the applicant's name, address, taxpayer's identification number, citizenship and all other information as may be required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of Offer Shares. Failure to complete the application form may result in the rejection of the application. If the applicant is a corporation, partnership or trust account, the application must be accompanied by the following documents: • a certified true copy of the applicant's latest articles of incorporation and by-laws (or articles of partnership in the case of a partnership) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or managing partner in the case of a partnership), • a certified true copy of the applicant's SEC certificate of registration or certificate of filing amended articles of incorporation or by-laws, as the case may be, duly certified by its corporate secretary (or managing partner in the case of a partnership), and • a duly notarized corporate secretary's certificate (or certificate of the managing partner in the case of a partnership) setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying the percentage of the applicant's capital or capital stock held by Philippine Nationals. Foreign corporate and institutional applicants who qualify as Eligible Investors, in addition to the documents listed above, are required to submit in quadruplicate, a representation and warranty stating that their

	purchase of the Offer Shares to which their application relates will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed, under such laws, to acquire, purchase and hold the Offer Shares.
Payment Terms for the Offer	The purchase price must be paid in full in Pesos upon the submission of the duly completed and signed application form and signature card together with the requisite attachments. Payment for the Offer Shares shall be made either by: (i) a personal or corporate check drawn against an account with a BSP authorized bank at any of its branches located in Metro Manila, or (ii) a manager's or cashier's check issued by an authorized bank. All checks should be made payable to "Integrated Micro-Electronics, Inc. Public Offer", crossed "Payee's Account Only," and dated the same date as the application. The applications and the related payments will be received at any of the offices of the Underwriters or the Selling Agents.
Acceptance or Rejection of Applications for the Offer	Application forms are subject to confirmation by the Underwriters and the final approval of the Company. The Company and the Underwriters reserve the right to accept, reject or scale down the number and amount of Offer Shares covered by any application. The Company and the Underwriters have the right to reallocate available Offer Shares in the event that the Offer Shares are insufficient to satisfy the total applications received. The Offer Shares will be allotted in such a manner as the Company and the Underwriters may, in their sole discretion, deem appropriate, subject to distribution guidelines of the PSE. Applications with checks dishonored upon first presentation and Application forms which do not comply with terms of the Offer will be automatically rejected. Notwithstanding the acceptance of any Application form, the actual subscription of the Offer Shares by the applicant will be effective only upon the listing of the Offer Shares at the PSE.
Expected Timetable	The timetable of the Offer is expected to be as follows:

Release of listing notice on final offer price	November 21, 2014
Start of offer period for trading participants, local small investors, and the general investing public	November 24, 2014
Submission of firm commitments by PSE trading participants	November 27, 2014
Deadline for submission of Application for Local Small Investors, and the general investing public and end of Offer	November 28, 2014

	Period	
	Deadline for payments and submission of required attachments for PSE Trading Participants	December 1, 2014
	Listing Date	December 5, 2014
	The dates included above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.	
Risks of Investing	Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. Certain of these risks are discussed in the section entitled "Risk Factors" and include: risks relating to the Company's business, risks relating to the Philippines, risks relating to other countries where the Company operates, risks relating to the Offer and the Offer Shares, and risks relating to certain statistical information in this Prospectus.	

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following tables set forth the summary consolidated financial information for the Company and should be read in conjunction with the independent auditors' reports and the Company's audited consolidated financial statements, including the notes thereto, included elsewhere in this Prospectus, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary consolidated financial information as at and for the seven months ended 31 July 2014 and 2013, and the years ended 31 December 2013, 2012, and 2011 were derived from the Company's audited consolidated financial statements, which were prepared in accordance with PFRS and were audited by SGV & Co. in accordance with the Philippine Standards on Auditing ("PSA"). The summary consolidated financial information below is not necessarily indicative of the results of future operations.

SUMMARIZED CONSOLIDATED STATEMENTS OF INCOME

	For the seven months ended 31 July		For the years ended 31 December		
	2014	**2013**	**2013**	**2012 (As restated)**	**2011 (As restated)**
Revenues	505,776	418,733	745,032	661,850	575,454
Cost of Sales and Services	447,848	384,753	677,103	604,913	533,673
Gross Profit	**57,928**	**33,980**	**67,929**	**56,937**	**41,781**
Operating Expenses	(33,881)	(31,692)	(55,795)	(49,524)	(56,325)
Net Operating Income (Loss)	**24,047**	**2,288**	**12,134**	**7,413**	**(14,544)**
Net Finance and Other Income (Expense)	(3,158)	717	1,589	(2,521)	20,455
Income Before Income Tax	20,889	3,005	13,723	4,892	5,911
Provision for Income Tax	(4,239)	(2,511)	(4,527)	(3,959)	(4,654)
Net Income	16,650	494	9,196	933	1,257
Net Income (Loss) Attributable to:					
Equity holders of Parent Company	**16,735**	**1,575**	**10,473**	**5,585**	**3,255**
Non-controlling interests	(85)	(1,081)	(1,277)	(4,652)	(1,998)
	16,650	494	9,196	933	1,257
EBITDA	**36,084**	**17,458**	**36,440**	**32,754**	**19,540**

In US$ thousands

CONSOLIDATED BALANCE SHEETS

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
ASSETS					
Current Assets					
Cash and cash equivalents	50,637	56,438	49,042	56,196	54,069
Loans and receivables - net	203,616	167,039	178,465	150,881	133,676
Inventories	102,824	89,307	94,136	83,176	80,402
Derivative assets	–	–	–	2,857	2,799
Other current assets	14,507	15,770	16,620	7,426	8,855
Total Current Assets	371,584	328,554	338,263	300,536	279,801
Noncurrent asset classified as held for sale	2,616	–	–	–	–
Noncurrent Assets					
Property, plant, and equipment - net	83,208	85,419	85,654	88,071	97,505
Goodwill	54,355	54,355	54,355	54,355	54,355
Intangible assets	4,300	5,186	4,862	5,894	7,334
Available-for-sale financial assets	509	1,890	1,867	1,609	414
Noncurrent receivables	–	–	–	–	214
Deferred tax assets	1,177	801	645	1,083	744
Other noncurrent assets	2,039	1,594	2,583	1,805	1,518
Total Noncurrent Assets	145,588	149,246	149,966	152,817	162,084
TOTAL ASSETS	**519,788**	**477,800**	**488,229**	**453,353**	**441,885**
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and accrued expenses	187,566	166,679	171,055	143,405	144,242
Trust receipts and loans payable	50,008	49,932	45,654	44,207	39,009
Current portion of long-term debt	3,089	2,797	2,903	2,650	–
Income tax payable	1,972	2,263	1,649	1,911	1,687
Derivative liabilities	–	217	41	–	34
Total Current Liabilities	242,635	221,888	221,302	192,173	184,972
Noncurrent Liabilities					
Noncurrent portion of:					
Long-term debt	59,233	60,511	61,700	62,851	60,398
Deferred revenue	1,594	1,867	1,742	2,031	2,304
Obligation under finance lease	2,884	1,468	2,978	705	613
Deferred tax liabilities	2,141	3,382	3,092	4,629	4,810
Net retirement liabilities	6,577	2,067	6,743	2,343	3,423
Accrued rent	506	553	443	585	914
Other noncurrent liabilities	181	82	183	87	231
Total Noncurrent Liabilities	73,116	69,931	76,881	73,231	72,693
Total Liabilities	315,751	291,819	298,183	265,404	257,665

In US$ thousands

	For the seven months ended 31 July		For the years ended 31 December		
	2014	**2013**	**2013**	**2012 (As restated)**	**2011 (As restated)**
EQUITY					
Equity Attributable to Equity Holders of the Parent Company					
Capital stock-common	30,031	30,015	30,017	30,011	24,932
Capital stock-preferred	26,601	26,601	26,601	26,601	26,601
Subscribed capital stock	1,174	1,297	1,230	1,301	6,507
Additional paid-in capital	51,274	51,171	51,264	58,558	59,085
Subscriptions receivable	(9,546)	(9,541)	(9,591)	(9,651)	(10,395)
Retained earnings:					
Appropriated for expansion	20,661	20,661	20,661	20,661	30,661
Unappropriated	97,951	75,477	83,503	73,902	60,982
Treasury stock	(1,013)	(1,013)	(1,013)	(1,013)	(1,013)
Reserve for fluctuation on available-for-sale financial assets	166	196	190	198	144
Cumulative translation adjustment	(2,976)	(2,367)	(1,425)	(2,304)	(6,043)
Other comprehensive loss	(7,768)	(4,279)	(8,958)	(4,618)	(6,212)
Other reserves	171	171	171	171	171
	206,726	188,389	192,650	193,817	185,420
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	(2,689)	(2,408)	(2,604)	(5,868)	(1,200)
Total Equity	204,037	185,981	190,046	187,949	184,220
TOTAL LIABILITIES AND EQUITY	**519,788**	**477,800**	**488,229**	**453,353**	**441,885**

In US$ thousands

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the seven months ended 31 July		For the years ended 31 December		
	2014	**2013**	**2013**	**2012 (As restated)**	**2011 (As restated)**
Cash Flows from Operating Activities					
Income before income tax	20,889	3,005	13,723	4,3192	5,911
Adjustments for:					
Depreciation of property, plant, and equipment	12,211	12,941	21,070	23,319	24,615
Interest expense	1,761	1,894	2,880	3,021	2,500
Provision for impairment loss on investment	1,754	–	–	–	–
Provision (reversal of provision) for doubtful accounts	(1,585)	65	(103)	441	1,978
Write-off of available-for-sale financial assets	1,350	–	–	–	–
Provision for inventory obsolescence	1,234	1,172	2,123	283	1,029
Net retirement expense	1,228	884	1,682	2,200	1,886
Unrealized foreign exchange losses (gains) - net	1,217	(1,466)	(878)	1,316	(1,740)
Amortization of intangible assets	1,084	1,078	1,790	2,058	1,164
Amortization of deferred revenue	(148)	(163)	(289)	(261)	(261)
Interest income	(137)	(121)	(219)	(267)	(315)
Loss (gain) on derivative transactions	(100)	625	479	(1,662)	(6,219)
Loss (gain) on sale of property, plant, and equipment	(59)	129	(125)	(133)	(115)
Cost of share-based payments	–	71	15	70	674
Reversal of allowance for decline in value of inventories	–	24	(107)	–	(21)
Impairment loss on property, plant, and equipment	–	–	5	226	–
Provision for restructuring	–	–	–	1,896	832
Gain from bargain purchase	–	–	–	–	(13,018)
Impairment loss on goodwill	–	–	–	–	2,717
Dividend income	–	–	–	–	(1)
Operating income before working capital changes	40,699	20,138	42,046	37,399	21,616
Changes in operating assets and liabilities:					
Decrease (increase) in:					
Loans and receivables	(27,297)	(16,295)	(26,276)	(16,859)	(836)
Inventories	(11,059)	(7,383)	(12,648)	(2,592)	(379)
Other current assets	2,113	(8,294)	(9,194)	1,429	(6,347)
Noncurrent receivables	–	–	–	214	(29)
Increase (decrease) in:					
Accounts payable and accrued expenses	16,642	26,869	30,429	(3,045)	8,524
Other noncurrent liabilities	(2)	(5)	97	(144)	(141)
Accrued rent	63	(32)	(142)	(328)	20
Net cash generated from operations	21,159	4,012	03	21,098	15,0357
Income tax paid	(4,482)	(3,052)	(5,670)	(4,463)	(4,790)
Interest paid	(2,068)	(2,794)	(3,514)	(2,592)	(1,885)
Interest received	229	121	522	238	315
Dividends received	–	–	–	–	1
Net cash provided by operating activities	**14,838**	**9,273**	**15,651**	**9,258**	**16,068**

In US$ thousands

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
Cash Flows from Investing Activities					
Acquisitions of:					
Property, plant, and equipment	(12,752)	(10,229)	(17,820)	(16,027)	(14,830)
Intangible assets	(529)	(363)	(776)	(525)	(411)
Available-for-sale financial assets	–	(351)	(350)	(1,000)	–
Decrease (increase) in other noncurrent assets	545	211	(842)	(289)	293
Proceeds from sale of property, plant, and equipment	456	1,153	2,869	3,710	2,656
Settlement of derivatives	59	(458)	(439)	1,569	1,315
Cash paid upon exercise of call option	–	(125)	(125)	–	–
Acquisition through business combination - net of cash acquired	–	–	–	–	5,053
Net cash used in investing activities	**(12,221)**	**(10,162)**	**(17,483)**	**(12,562)**	**(5,924)**
Cash Flows from Financing Activities					
Availments of loans	11,982	7,866	6,135	43,697	50,839
Payments of:					
Loans payable	(6,071)	(1,868)	(4,469)	(32,780)	(2,623)
Long-term debt	(2,927)	(2,656)	(2,656)	–	(38,000)
Dividends paid to equity holders of the Parent Company	(2,526)	(1,380)	(2,662)	(2,469)	(3,884)
Separation/benefits paid	(288)	(686)	(1,287)	(1,870)	(1,112)
Decrease in obligations under finance lease	(807)	(212)	(523)	(801)	–
Collections of subscriptions receivable	13	174	208	20	616
Dividends paid to non-controlling interests	0	–	–	(15)	(20)
Net cash provided by (used in) financing activities	**(624)**	**1,238**	**(5,254)**	**5,782**	**5,816**
Effect of changes in foreign exchange rates on cash and cash equivalents	(398)	(107)	(68)	(351)	(26)
Net increase (decrease) in cash and cash equivalents	1,595	242	(7,154)	2,127	15,934
Cash and cash equivalents at beginning of period	49,042	56,196	56,196	54,069	38,135
Cash and cash equivalents at end of period	**50,637**	**56,438**	**49,042**	**56,196**	**54,069**

In US$ thousands

KEY PERFORMANCE INDICATORS

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
Operating efficiency:					
Revenue growth	21%	9%	13%	15%	40%
Profitability:					
Return on Equity	8%	1%	5%	3%	2%
Return on Assets	3%	0.3%	2%	1%	1%
EBITDA margin	7%	4%	5%	5%	3%

RISK FACTORS

An investment in the Offer Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not indicative of future performance and results, and there may be a large difference between the buying price and the selling price of the Offer Shares. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Offer Shares to decline. All or part of an investment in the Offer Shares could be lost.

The means by which the Company intends to address the risk factors discussed herein are principally presented under the captions "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," and "Board of Directors and Senior Management—Corporate Governance" of this Prospectus. This risk factor discussion does not purport to disclose all of the risks and other significant aspects of investing in the Offer Shares. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those of high-risk securities. Investors may request publicly available information on the Common Shares and the Company from the Philippine SEC.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company's operating results may significantly fluctuate from period to period

There is a risk that the Company's operating results may fluctuate significantly due to various factors including but not limited to changes in demand for its products and services, customers' sales outlook, purchasing patterns, and inventory adjustments, changes in the types of services provided to customers, variations in the, volume of products, adjustments in the processes and manner of delivery of services, as well as alterations to product specifications on account of complexity of product maturity, the extent to which the Company can provide vertically integrated services for a product. The Company's operating result is also affected by the Company's effectiveness in managing its manufacturing processes, controlling costs, and integrating any potential future acquisitions, the Company's ability to make optimal use of its available manufacturing capacity, changes in the cost and availability of labor, raw materials, and components, which affect its margins and its ability to meet delivery schedules, and the ability to manage the timing of its component purchases so that components are available when needed for production while avoiding the risks of accumulating inventory in excess of immediate production needs. Fluctuations in operating results may also be experienced by the Company on account of the advent of new technology and customer qualification of technology employed in the production, and the occurrence of any changes in local conditions or occurrence of events that may affect production volumes and costs of production, such as, but not limited to labor conditions, political instability, changes in law and regulation, economic disruptions or changes in economic policies affecting flow of capital, entry of competition, substantial rate hikes of utilities required for production, or force majeure.

The factors identified above and other risks discussed in this section affect the Company's operating results from time to time.

Some of these factors are beyond the Company's control. The Company may not be able to effectively sustain its growth due to restraining factors concerning corporate competencies, competition, global economies, and market and customer requirements. To meet the needs of its customers, the Company has expanded its operations in recent years and, in conjunction with the execution of its strategic plans, the Company expects to continue expanding in terms of geographical reach, customers served, products, and services. To manage its growth, the Company must continue to enhance its managerial, technical, operational, and other resources.

The Company's ongoing operations and future growth may also require funding either through internal or external sources. There can also be no assurance that any future expansion plans will not adversely affect the Company's existing operations since execution of said plans may involve challenges. For instance, the Company may be required to be confronted with such issues as shortages of production equipment and raw materials or components, capacity constraints, difficulties in ramping up production at new facilities or upgrading or expanding existing facilities, and training an increasing number of personnel to manage and operate those facilities. Compounding these issues are other restraining factors such as more aggressive efforts of competition in expanding business, volatility in global economies and market and customer requirements. All these challenges could make it difficult for the Company to implement any expansion plans successfully and in a timely manner.

In response to a very dynamic operating environment and intense industry competition, the Company focuses on high-growth/high-margin specialized product niches, diversifies its markets and products, engages in higher value add services, improves its cost structure, and pursues strategies to grow existing accounts.

The Company is highly dependent on an industry that is characterized by rapid technological changes

The demand for the Company's solutions is derived from the demand of end customers particularly for end-use applications in the computing, communications, consumer automotive, industrial and medical electronics industries. These industries have historically been characterized by rapid technological change, evolving industry standards, and changing customer needs. There can be no assurance that the Company will be successful in responding to these industry demands. New services or technologies may also render the Company's existing services or technologies less competitive. If the Company does not promptly make measures to respond to technological developments and industry standard changes, the eventual integration of new technology or industry standards or the eventual upgrading of its facilities and production capabilities may require substantial time, effort, and capital investment.

The Company is focusing on longer life cycle industries such as automotive, industrial and telecommunication infrastructure to reduce the volatility of model and design changes. The Company also keeps itself abreast of trends and technology development the electronics industry and is continuously conducting studies to enhance its technologies, capabilities and value proposition to its customers. It defines and executes technology road maps that are aligned with market and customer requirements.

The industry where the Company operates in does not serve, generally, firm or long-term volume purchase commitments

Save for specific engagements peculiar to certain products and services required, the Company's customers do not generally contract for firm and long-term volume purchase. Customers may place lower-than-expected orders, cancel existing or future orders or change production quantities. There are no guaranteed or fixed volume orders that are committed on a monthly or periodic basis.

In addition, the Company makes significant investment decisions, including determining the levels of business that it will seek and accept capacity expansion, personnel needs, and other resource requirements. These key decisions are ultimately based on estimates of customer long-term requirements. The rapid changes in demand for its products reduce its ability to estimate accurately long-term future customer requirements. Thus, there is the risk that resource investments are not optimized at a certain period.

In order to manage the effects of these uncertainties, customers are required to place firm orders within the manufacturing lead time to ensure delivery. The Company does not solely rely on the forecast provided by the clients. By focusing on the longer cycle industry segments, the volatility that comes with rapid model changes is reduced and the Company is able to have a more accurate production planning and inventory management process.

Buy-back agreements are also negotiated by the Company in the event there are excess inventory when customer products reach their end-of-life .To the extent possible, the Company's contract include volume break pricing, and materials buy-back conditions to taper the impact of sudden cancellations, reductions, and delays in customer requirements.

The Company may encounter difficulties in connection with its global expansion

The Company's globalization strategy has transformed it from a Philippines-centric company into a global network with manufacturing and engineering facilities as well as sales offices in Asia, Europe, and North America. This global expansion may expose the Company to potential difficulties that include diversion of management's attention from the normal operations of the Company's business, potential loss of key employees and customers of the acquired companies, physical, legal, cultural, and social impediments in managing and integrating operations in geographically dispersed locations, lack of experience operating in the geographic market of the acquired business, reduction in cash balance and increases in expenses and working capital requirements, which may reduce return on invested capital, potential increases in debt, which may increase operating costs as a result of higher interest payments, and complexities in integrating acquired businesses into existing operations, which may prevent it from achieving, or may reduce the anticipated synergy.

The Company's acquisitions of new companies or creation of new units, whether onshore or offshore, may also have an immediate financial impact to the Company due to the dilution of the percentage of ownership of current stockholders if the acquisition requires any payment in the form of equity of the Company, the periodic impairment of goodwill and other intangible assets, and liabilities, litigations, and/or unanticipated contingent liabilities assumed from the acquired companies.

If the Company is not able to successfully manage these potential difficulties, any such acquisitions may not result in material revenue enhancement or other anticipated benefits or even adversely affect its financial and/or operating condition.

To limit its exposure, the Company performs a thorough assessment of the upside and downside of any merger or acquisition. Supported by a team which focuses on business development, finance, legal, and engineering units, the vision, long-term strategy, compatibility with the culture, customer relationship, technology, and financial stability of the company to be acquired is carefully examined thorough due diligence to ensure exposures are mitigated through proper warranties. In addition, the Company looks at acquisitions that are immediately accretive to the P&L of the Company. The decision is then reviewed and endorsed by the Finance Committee, and approved by the Board. The Company carefully plans any merger or acquisition for a substantial period prior to closing date. Prior to closing of transactions, the Company forms an integration team and formulates detailed execution plans to integrate the key functions of the acquired entity into the Company.

The Company may not be able to mitigate the effects of declining prices of goods over the life cycles of its products or as a result of changes in its mix of new and mature products, mix of turnkey and consignment business arrangements, and lower prices offered by competition

The price of the Company's products tends to decline over the later years of the product life cycle, reflecting decreased costs of input components, improved efficiency, decreased demand, and increased competition as more manufacturers are able to produce similar or alternative products. The gross margin for manufacturing services is highest when a product is first developed but as products mature, average selling prices of a product drop due to various market forces resulting in gross margin erosion. The Company may be constrained to reduce the price of its service for more mature products in order to remain competitive against other manufacturing services providers. This is most apparent in the automotive segment, where the reduction has historically been observed to occur between the first two to three years. The Company's gross margin may further decline to be competitive with the lower prices offered by competition or to absorb excess capacity, liquidate excess inventories, or restructure or attempt to gain market share.

The Company is moving towards a higher proportion of contracting under a turnkey production (with the Company providing labor, materials and overhead support), as compared to those under a consignment model, indicating a possible deterioration in its margins. The Company will also need to deploy larger amounts of working capital for turnkey engagements.

To mitigate the effects of price declines in the Company's existing products and to sustain margins, the Company continues to improve its production efficiency by increasing yields, increasing throughputs through LEAN and six sigma manufacturing process. In addition, the Company continuous to leverage on its purchase base and supplier programs to avail of discounts and reduced costs in component prices. It also utilizes its global procurement network and supply chain capabilities to reduce logistics costs for components including inventory levels. The Company also intensifies its effort to contract with customers with higher-margin products most of which involve higher engineering value add and more complex box build or system integration requirements.

The Company operates in a highly competitive industry

Some of the Company's competitors in the industry may have greater design, engineering, manufacturing, financial capabilities, or superior resources than the Company. Customers evaluate EMS and ODMs based on, among other things, global manufacturing capabilities, speed, quality, engineering services, flexibility, and costs. In outsourcing, OEMs seek to reduce cost. In addition, major OEMs typically outsource the same type of products to at least two or three outsourcing partners in order to diversify their supply risks. The competitive nature of the industry may result in substantial price competition. The Company faces increasing challenges from competitors who are able to put in place a competitive cost structure by consolidating with or acquiring other competitors, relocating to lower cost areas, strengthening supply chain partnerships, or enhancing solutions through vertical integration, among others. The Company's customers may opt to transact with the Company's competitors instead of the Company or if the Company fails to develop and provide the technology and skills required by its customers at a rate comparable to its competitors. There can be no assurance that the Company will be able to competitively develop the higher value add solutions necessary to retain business or attract new customers. There can also be no assurance that it will be able to establish a compelling advantage over its competitors.

The industry could become even more competitive if OEMs fail to significantly increase their overall levels of outsourcing. Increased competition could result in significant price competition, reduced revenues, lower profit margins, or loss of market share, any of which would have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company regularly assesses the appropriate pricing model (so as to ensure that it is strategic/value based or demand based, among others) to be applied on its quotation to existing or prospective customers. The Company is also strengthening its risk management capabilities to be able to turn some of the risks (e.g., credit risks) into opportunities to gain or maintain new or existing customers, respectively. The Company also continues to develop high value-add services that fit the dynamic markets it serves. It continues to enhance capabilities in design and development, advanced manufacturing engineering, test and systems development, value engineering, and supply chain management to ensure an efficient product realization experience for its customers.

In addition, the Company's size, stability and geographical reach allow it to attract global OEMs customers that look for stable partners that can service them in multiple locations. This is evidenced by increasing number of global contracts that the Company is able to develop and have multiple sites serving single customers.

Focusing on high value automotive (such as those for ADAS and Safety-related, power modules and electronic control units, among others), industrial and medical segments where strict performance and stringent certification processes are required, the Company is able to establish a high barrier of entry, business sustainability and better pricing. Generally, the Company has observed that it is usually difficult for customers in these industries to shift production as they would have to go through a long lead time in the certification process. The direction the Company has taken resulted in the rise of the Company's ranking in the global and automotive EMS spaces.

The Company may be subject to reputation and financial risks due to product quality and liability issues

The contracts the Company enters into with its customers, especially customers from the automotive and medical industry, typically include warranties that its products will be free from defects and will perform in accordance with agreed specifications. To the extent that products delivered by the Company to its customers do not, or are not deemed to, satisfy such warranties, the Company could be responsible for repairing or replacing any defective products, or, in certain circumstances, for the cost of effecting a recall of all products which might contain a similar defect in an occurrence of an epidemic failure, as well as for consequential damages. Defects in the products manufactured by the company adversely affect its customer relations, standing and reputation in the marketplace, result in monetary losses, and have a material adverse effect on its business, financial condition, and results of operations. There can be no assurance that the Company will be able to recover any losses incurred as a result of product liability in the future from any third party.

In order to prevent or avoid a potential breach of warranties which may expose the Company to liability, the Company performs a detailed review and documentation of the manufacturing process that is verified, audited and signed-off by the customers. In addition, customers are encouraged, and in some cases, required to perform official audits of the Company's manufacturing and quality assurance processes, to ensure compliance with specifications. The Company works closely with customers to define customer specifications and quality requirements, and follow closely these requirements to mitigate future product liability claims. The Company also insures itself on product liability and recall on a global basis.

The Company's production capacity may not correspond precisely to its production demand

The Company's customers may require it to have a certain percentage of excess capacity that would allow the Company to meet unexpected increases in purchase orders. On occasion, however, customers may require rapid increases in production beyond the Company's production capacity, and the Company may not have sufficient capacity at any given time to meet sharp increases in these requirements. On the other hand, there is also a risk of the underutilization of the production line, which may slightly lower the Company's profit margins. In response, the Company makes the necessary adjustments in order to have a match between demand and supply. In the case of a lack in supply, the Company equips itself with flexible systems that allow it to temporarily expand its production lines in order to lower the overhead costs, and then make corresponding increases in its capacity when there is a need for it as well.

To soften the impact of this, the Company closely coordinates with customers to provide the parties with regular capacity reports and action plan/s for common reference and future capacity utilizations. The Company also closely collaborates with its customers to understand the required technology roadmaps, anticipate changes in technological requirements, and discuss possible future solutions.

The Company may be involved in intellectual property disputes

The Company's business depends in part on its ability to provide customers with technologically sophisticated products. The Company's failure to protect its intellectual property or the intellectual property of its customers exposes it to legal liability, loss of business to competition and could hurt customer relationships and affect its ability to obtain future business. It could incur costs in either defending or settling any intellectual property disputes. Customers typically require that the Company indemnify them against claims of intellectual property infringement. If any claims are brought against the Company's customers for such infringement, whether these have merit or not, it could be required to expend significant resources in defending such claims. In the event the Company is subjected to any infringement claims, it may be required to spend a significant amount of money to develop non-infringing alternatives or obtain licenses. The Company may not be successful in developing such alternatives or in obtaining such licenses on reasonable terms or at all, which could disrupt manufacturing processes, damage its reputation, and affect its profitability.

Since the Company is not positioned as an ODM, the likelihood of the Company infringing upon product-related intellectual property of third parties is significantly reduced. Product designs are prescribed by and ultimately owned by the customer.

The Company observes strict adherence to approved processes and specifications and adopts appropriate controls to ensure that the Company's intellectual property and that of its customers are protected and respected. It continuously monitors compliance with confidentiality undertakings of the Company and management. As of the date of this Prospectus, there has been no claim or disputes involving the Company or between the Company and its customers involving any intellectual property.

Demand for services in the EMS industry depends on the performance and business of the industry's customers as well as the demand from end consumers of electronic products

The performance and profitability of the Company's customers' industries are partly driven by the demand for electronic products and equipment by end-consumers. If the end-user demand is low for the industry's customers' products, companies in the Company's industry may see significant changes in orders from customers and may experience greater pricing pressures. Therefore, risks that could harm the customers of its industry could, as a result, adversely affect the Company as well. These risks include the customer's inability to manage their operations efficiently and effectively, the reduced consumer spending in key customers' markets, the seasonality demand for their products, and failure of the customer's products to gain widespread commercial acceptance.

The impact of these risks was very evident in the aftermath of the global financial crisis which resulted in global reduction of demand for electronics products by end-customers. The Company mitigates the impact of industry downturns on demand by rationalizing excess labor and capacity to geographical areas that are most optimal, and by initiating cost containment programs. With indications of global financial recovery already in place, the Company has been able to re-hire some of its employees. There are also electronics requirements resulting from global regulations, such as those for improving vehicle safety and promoting energy-efficient technologies that would increase the demand for electronic products and equipment.

The Company continuously addresses its concentration risks. There is no single customer that the Company is dependent on or accounts for more than 15% of the Company's revenues. The Company also serves global customers which are not concentrated on a specific geographic market.

The Company's industry is dependent on the continuous growth of outsourcing by OEMs

The Company belongs to an industry that is dependent on the strong and continuous growth of outsourcing in the computing, communications, consumer automotive, industrial, and medical electronics industries where customers choose to outsource production of certain components and parts, as well as functions in the production process. A customer's decision to outsource is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing.

The Company's industry depends on the continuing trend of increased outsourcing by its customers. Future growth in its revenue depends on new outsourcing opportunities in which it assumes additional manufacturing and supply chain management responsibilities from its customers. To the extent that these opportunities do not materialize, either because the customers decide to perform these functions internally or because they use other providers of these services, the Company's future growth could be limited.

The Company believes that its global footprint with manufacturing operations in Asia, Europe, and North America, its global supply chain systems and capabilities, and its design services will continue to provide strategic advantages for customers to outsource parts of their product development and manufacturing processes to the Company.

The Company's industry may experience shortages in, or rises in the prices of components, which may adversely affect business

There is a risk that the Company will be unable to acquire necessary components for its business as a result of strong demand in the industry for those components or if suppliers experience any problems with production or delivery.

The Company is often required by its customers to source certain key components from customer-nominated and accredited suppliers only, and it may not be able to obtain alternative sources of supply should such suppliers be unable to meet the supply of key components in the future. Shortages of components could limit its production capabilities or cause delays in production, which could prevent it from making scheduled shipments to customers.

If the Company is unable to make scheduled shipments, it may experience a reduction in its sales, an increase in costs, and adverse effects on its business. Component shortages may also increase costs of goods sold because it may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components.

To the extent possible, the Company works closely with customers to ensure that there are back up suppliers or manufacturers for customer-supplied components or components supplied by customer-nominated suppliers to mitigate uncertainties in the supply chain. In addition, the Company has established supplier certification and development programs designed to assess and improve suppliers' capability in ensuring uninterrupted supply of components to the Company.

The Company may be exposed to risk of inventory obsolescence and working capital tied up in inventories

As an EMS provider, the Company may be exposed to a risk of inventory obsolescence because of rapidly changing technology and customer requirements. Inventory obsolescence may require it to make adjustments to write down inventory to the lower of cost or net realizable value, and its operating results could be adversely affected. The Company is cognizant of these risks and accordingly exercises due diligence in materials planning. The Company also provisions in its inventory systems and planning a reasonable amount for obsolescence. It is working with key suppliers to establish supplier-managed inventory arrangements that will mutually reduce the risk. In addition, the Company often negotiates buy back arrangements with customers where, in the event the customers' purchase orders are delayed, canceled, or enter in the end-of-life phase, the customers assumes the risk and compensates the Company for the excess inventory.

The Company is highly dependent on the continued service of its directors, members of senior management and other key officers

The Company's directors, members of its senior management, and other key officers have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include CEO, COO, CFO, Chief Procurement Officer, Global Business Development and Key Account Leader, Global Sales Leader, Global HR, Global Design and Development, Global Quality and Regional/Site Quality Leaders, and Plant GMs. In the event that the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, or if the qualified individual takes time to learn the details of the Company, the Company's business and results of operations may be adversely affected.

Any deterioration in the Company's employee relations could materially and adversely affect the Company's operations

The Company's success depends partially on the ability of the Company, its contractors, and its third party marketing agents to maintain productive workforces. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's, its contractors' or its third party marketing agents' employee relations could have a material and adverse effect on the Company's financial condition and results of operations. There have been no historical events related to strikes or protests from its employees or unions, given the well-established employee relations of the Company.

The Company's success depends on attracting, engaging, and retaining key talents, including skilled research and development engineers

In order to sustain its ability to complete contracted services and deliver on commitments and promote growth, the Company will have to continuously attract, develop, engage and retain skilled workforce highly capable to achieve business goals. The Company recognizes that its competitiveness is dependent on its key talent pipeline, including leadership, talent and skill pool, and succession plan.

The Company continuously identifies top-caliber candidates and keeps the pipeline full to be ready to assume new roles and fuel growth. The Company has a strong ability to hire in terms of the quality of recruits as well as in scale. Specifically, there is strong recruitment in Philippines and in China, having been able to tie up with universities. In the case of an immediate need for to provide manpower, there are contractual agreements at hand to meet the demand. They have the ability to rapidly organize and train skilled workers for new products and services and retain qualified personnel.

The Company also leverages on its global reach to identify, recruit and develop the right employees who can be deployed to the various operating units or divisions of the Company. It also implements on a regular basis pertinent employee training and development programs, including a cadetship program that enables it to tap and employ capable graduates from different leading universities. The Company has implemented proactive measures to retain employees through sound retention programs, encouraging work-life balance among its employees, and providing structured career development paths to promote career growth within the organization and loyalty to the Company.

Any shortage of raw materials or components could impair the Company's ability to ship orders of its products in a cost-efficient manner or could cause the Company to miss its delivery requirements of its retailers or distributors, which could harm the Company's business

The ability of the Company's manufacturers to supply its products is dependent, in part, upon the availability of raw materials and certain components. The Company's manufacturers may experience shortages in the availability of raw materials or components, which could result in delayed delivery of products to the Company or in increased costs to it. Any shortage of raw materials or components or inability to control costs associated with manufacturing could increase the costs for the Company's products or impair its ability to ship orders in a timely cost-efficient manner. As a result, it could experience cancellation of orders, refusal to accept deliveries, or a reduction in the Company's prices and margins, any of which could harm the Company's financial performance and results of operations. Other than for customer-nominated suppliers or specialty components for the manufacture of specific products, the Company is not dependent on a single supplier for its raw materials.

In addition, since company sources materials from various countries, different natural disasters may affect supply. Typhoons, earthquakes, and other natural disaster may cause a delay the delivery of the raw materials to the company, manufacturing of ordered products may not be met, resulting to a loss in potential sales.

The Company may, from time to time, be involved in legal and other proceedings arising out of its operations.

The Company may, from time to time, be involved in disputes with its employees and various parties involved in its manufacturing operations, including contractual disputes with customers or suppliers, labor disputes with workers or be exposed to damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in the Company's development schedule, and the diversion of resources and management's attention. The Company may also have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavorable decisions that result in penalties and/or delay the development of its projects. In such cases, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

RISKS RELATING TO COUNTRIES WHERE THE COMPANY OPERATES (INCLUDING THE PHILIPPINES)

The Company conducts business in various jurisdictions, exposing it to business, political, operational, financial, and economic risks due to its operations in these jurisdictions

There is no assurance that there will be no occurrence of an economic slowdown in the countries where the Company operates, including the Philippines. Factors that may adversely affect an economy include but are not limited to:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in the global market,
- scarcity of credit or other financing, resulting in lower demand for products and services
- the sovereign credit ratings of the country,
- exchange rate fluctuations,
- a prolonged period of inflation or increase in interest rates,
- changes in the relevant government's taxation policies,
- natural disasters, including typhoons, earthquakes, fires, floods and similar events,
- political instability, terrorism or military conflict, and
- other regulatory, political or economic developments in or affecting the Company

Notwithstanding the foregoing, the global operations, marketing, and distribution of the Company's products inherently integrate the impact of any economic downturn affecting a single country where the Company operates, and enables the Company to shift the focus of its operations to other jurisdictions.

The Company's manufacturing and sales operations are located in a number of countries throughout Asia, Europe, and North America. As a result, it is affected by business, political, operational, financial, and economic risks inherent in international business, many of which are beyond the Company's control, including difficulties in obtaining domestic and foreign export, import, and other governmental approvals, permits, and licenses, and compliance with foreign laws, which could halt, interrupt, or delay the Company's operations if it is unable to obtain such approvals, permits, and licenses, and could have a material adverse effect on the Company's results of operations.

Changes in law including unexpected changes in regulatory requirements affect the Company's business plans, such as those relating to labor, environmental compliance and product safety. Delays or difficulties, burdens, and costs of compliance with a variety of foreign laws, including often conflicting and highly prescriptive regulations also directly affect the Company's business plans and operations, cross-border arrangements and the inter-company systems.

Increases in duties and taxation and a potential reversal of current tax or other currently favorable policies encouraging foreign investment or foreign trade by host countries leading to the imposition of government controls, changes in tariffs, or trade restrictions on component or assembled products may result in adverse tax consequences, including tax consequences which may arise in connection with inter-company pricing for transactions between separate legal entities within a group operating in different tax jurisdictions, also result in increases in cost of duties and taxation.

Actions which may be taken by foreign governments pursuant to any trade restrictions, such as "most favored nation" status and trade preferences, as well as potential foreign exchange and repatriation controls on foreign earnings, exchange rate fluctuations, and currency conversion restrictions may adversely affect the Company's business and financial condition.

Under existing foreign exchange controls in the Philippines, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. Restrictions exist on the sale and purchase of foreign exchange in the Philippine banking system. In the past, the Government has instituted restrictions on the ability of foreign companies to use foreign exchange revenues or to convert Philippine pesos into foreign currencies to satisfy foreign currency- denominated obligations, and no assurance can be given that the Government will not institute such or other restrictive exchange policies in the future.

A substantial portion of the Company's manufacturing operations is located in China, which has regulated financial and foreign exchange regime. The Company continuously evaluates the options available to the organization to ensure maximum usage of excess liquidity. Among others, excess liquidity may be repatriated out of China through dividend payments, payment of management service or royalty fees, use of leading and lagging payment, and transfer pricing.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations

The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of any environmental law or regulation occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties.

Any political instability in the Philippines and the countries where the Company operates may adversely affect the business operations, plans, and prospects of the Company

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there were instances of political instability, including public and military protests arising from alleged misconduct by the previous administration.

On 12 December 2011, the House of Representatives initiated impeachment proceedings against Renato Corona, Chief Justice of the Supreme Court of the Philippines. The impeachment complaint accused Corona of improperly issuing decisions that favored former President Arroyo, as well as failure to disclose certain properties, in violation of rules applicable to all public employees and officials. The trial of Chief Justice Corona began in January 2012 and ended in May 2012, with Corona found guilty with respect to his failure to disclose to the public his statement of assets, liabilities, and net worth, and was impeached. In July 2013, a major Philippine newspaper exposed a scam relating to the diversion and misuse of the Priority Assistance Development Fund by some members of Congress through pseudo-development organizations headed by Janet Lim Napoles. As a result of this exposé, a number of investigations, including one in the Senate, have been launched to determine the extent of the diversion of the Priority Assistance Development Fund and the Government officials and the private individuals responsible for the misappropriation of public funds. On 16 September 2013, cases of plunder and malversation of public funds were filed with the Office of the Ombudsman against Janet Lim Napoles, three Senators, a few members of the House of Representatives and other Government personnel.

Macro-economic conditions of different countries where the company operates may adversely affect the Company's business and prospectus

Historically, the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. Although the Philippines' long-term foreign currency-denominated debt was recently upgraded by each of Standard & Poor's, Fitch Ratings and Moody's to investment-grade, no assurance can be given that Standard & Poor's, Fitch Ratings or Moody's or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Parent Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available

In addition, some countries in which the Company operates, such as the Czech Republic and Mexico, have experienced periods of slow or negative growth, high inflation, significant currency devaluations, or limited liability of foreign exchange. Furthermore, in countries such as China and Mexico, governmental authorities exercise significant influence over many aspects of the economy which may significantly affect the Company.

On an as-need basis, the Company seeks the help of consultants and subject matter experts for changes in laws and regulations that may have a significant impact in the Company's business operations. It also maintains good relationship with local government, customs, and tax authorities through business transparency and compliance and/or payment of all government-related assessments in a timely manner. The Company has been able to overcome major crises brought about by economic and political factors affecting the countries where it operates. The strong corporate governance structure of the Company and its prudent management team are the foundations for its continued success. The Company also constantly monitors its macroeconomic risk exposure, identifies unwanted risk concentration, and modifies its business policies and activities to navigate such risks. Severe macroeconomic contractions may conceivably lead the Company to tweak or modify its investment decisions to meet the downturn. As a holding company, the Company affirms the principles of fiscal prudence and efficiency in the operations to its subsidiaries operating in various countries.

The Company faces risks of international expansion and operation in multiple jurisdictions

The Company expects to have an international customer base which may require worldwide service and support. The Company may expand its operations internationally and enter additional markets, which will require significant management attention. Any such expansion may cause a strain in existing management resources.

The distances between the Company, the customers, and the suppliers globally, create a number of logistical and communications challenges, including managing operations across multiple time zones, directing the manufacture and delivery of products across significant distances, coordinating the procurement of raw materials and their delivery to multiple locations, and coordinating the activities and decisions of the Company's management team, the members of which are spread out internationally.

While the Company tries to keep its local expertise, it established global functions to ensure that there is adequate coordination of activities. In addition, the availability and use of cell phones, e-mails, and internet based communication tools by the Company resulted in more efficient and timely coordination of activities and decision making by management from different sites and countries.

The Company aggressively pursues hiring of experienced international managers and staff globally. This enables the Company to ensure that it has sufficient manpower complement possessed with the required skills and experience to work with customers, vendors, and other partners in and out of the relevant country where it operates.

Natural or other catastrophes, including severe weather conditions and epidemics, that may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. In October 2013, a 7.2 magnitude earthquake affected Cebu and the island of Bohol, and on November, 2013, Super Typhoon Haiyan (called Yolanda in the Philippines) caused destruction and casualties of an as yet undetermined amount, in Tacloban, certain parts of Samar, and certain parts of Cebu City, all of which are located in the Visayas, the southern part of the Philippines. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's manufacturing facilities. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

Natural disasters, such as the 2008 earthquake in China, where most of the Company's manufacturing operations are located, could severely disrupt the Company's manufacturing operations and increase the Company's supply chain costs. These events, over which we have little or no control, could cause a decrease in demand for the Company's services, make it difficult or impossible for the Company to manufacture and deliver products and for the Company's suppliers to deliver components allowing it to manufacture those products, require large expenditures to repair or replace the Company's facilities, or create delays and inefficiencies in the Company's supply chain.

Any escalation in these events or similar future events may disrupt the Company's operations and the operations of the Company's customers and suppliers, and may affect the availability of materials needed for the Company's manufacturing services. Such events may also disrupt the transportation of materials to the Company's manufacturing facilities and finished products to the Company's customers.

There can be no assurance that the Company is fully capable to deal with these situations and that the insurance coverage it maintains will fully compensate it for all the damages and economic losses resulting from these catastrophes.

Political instability or threats that may disrupt the Company's operations could result in losses not covered by the Company's insurance

No assurance can be given that the political environment in the Philippines will remain stable and any political instability in the future could reduce consumer demand, or result in inconsistent or sudden changes in regulations and policies that affect the Company's business operations, which could have an adverse effect on the results of operations and the financial condition of the Company.

Increased political instability threats or occurrence of terrorist attacks, enhanced national security measures, and conflicts in the Middle East and Asia, as well as territorial and other disputes between China and the Philippines (and a number of Southeast Asian countries), which strain international relations, may reduce consumer confidence and economic weakness and adversely affect the Company's business plans and prospects.

The Philippines, China, and several Southeast Asian nations have been engaged in a series of long standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea.

Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused one another of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal during the late spring and summer of 2012. These actions threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under the United Nations Convention on the Law of the Sea. China has rejected and returned the notice sent by the Philippines requesting arbitral proceedings. Chinese vessels have also recently confronted Philippine vessels in the area, and the Chinese government has warned the Philippines against what it calls provocative actions. Recent talks between the Government of the Philippines and the United States of America about increased American military presence in the country, particularly through possible American forays into and use of Philippine military installations, may further increase tensions.

In early March 2013, several hundred armed Filipino-Muslim followers of Sultan Jamalul Kiram III, the self-proclaimed Sultan of Sulu from the south of the Philippines, illegally entered Lahad Datu, Sabah, Malaysia in a bid to enforce the Sultan of Sulu's historical claim on the territory. As a result of the illegal entry, these followers engaged in a three-week standoff with the Malaysian armed forces, resulting in casualties on both sides. Clashes between the Malaysian authorities and followers of the Sultan of Sulu have killed at least 98 Filipino-Muslims and 10 Malaysian policemen army since 1 March 2013. In addition, about 4,000 Filipino-Muslims working in Sabah have reportedly returned to the southern Philippines.

On 9 May 2013, a Philippine Coast Guard ship opened fire on a Taiwanese fisherman's vessel in a disputed exclusive economic zone between Taiwan and the Philippines, killing a 65-year old Taiwanese fisherman. Although the Philippine government maintained that the loss of life was unintended, Taiwan imposed economic sanctions on the Philippines in the aftermath of the incident. Taiwan eventually lifted the sanctions in August 2013 after a formal apology was issued by the Government of the Philippines. However, the incident has raised tensions between the two countries in recent months.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or permits. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the Company's business, financial condition and results of operations.

Investors may face difficulties enforcing judgments against the Company

It may be difficult for investors to enforce judgments against the Company owing to its global operations, diverse residencies of its different officers, and assets located in different jurisdictions. It may particularly be difficult for investors to effect service of process upon any officer who is not a resident of the country where judgments from courts or arbitral tribunals are obtained outside or within the Philippines if these are predicated upon the laws of jurisdictions other than the country where such judgments are obtained.

The Philippines is party to the United Nations Convention on the Enforcement and Recognition of Arbitral Awards, though it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, the Philippine Rules of Civil Procedure provide that a judgment or final order of a foreign court is, through the institution of an independent action, enforceable in the Philippines as a general matter, unless there is evidence that: (i) the foreign court rendering judgment did not have jurisdiction, (ii) the judgment is contrary to the laws, public policy, customs or public order of the Philippines, (iii) the party against whom enforcement is sought did not receive notice, or (iv) the rendering of the judgment entailed collusion, fraud, or a clear mistake of law or fact.

RISKS RELATING TO THE OFFER AND THE OFFER SHARES

There can be no guarantee that the Offer Shares will be registered with the SEC and listed on the PSE, or that there will be no other regulatory action that could delay or affect the Offer.

Purchasers of Offer Shares will be required to pay for such Offer Shares on the Settlement Date, which is expected to be on November 28, 2014 for QIBs, LSIs and the general public and on December 1, 2014 for the PSE Trading Participants. Although the PSE is expected to approve the Company's applications to list the Firm Shares, there can be no guarantee that listing will occur on the anticipated Listing Date or at all because the Listing Date is scheduled to occur after the Settlement Date. Furthermore, there is a risk that there may be other regulatory action that may be taken to delay or affect the Offer. The Company is currently a public company whose shares of stock are listed in the PSE and has previously issued shares to the public but the BIR may consider the Offer as an initial public offering of a closely held corporation which would subject the gross proceeds of the Offer to tax as such. To mitigate such risk, the Company has sought the advice of counsel as to the applicability of such tax. Based on the advice received, the Company believes that such tax would not apply. There is no assurance that the BIR will not seek to impose and collect such a tax, which the Company is prepared to address through appropriate legal proceedings. Delays in the listing of the Offer Shares for any reason, or any action on the part of the BIR as aforesaid, may adversely affect the market for the Offer Shares. Delays to the commencement of trading in shares on the PSE have occurred in the past. If the SEC does not maintain the registration of the Offer Shares and the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares would be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares.

There may be a limited market for the Common Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall

The Common Shares are listed on the PSE. Trading volumes on the PSE have historically been significantly smaller than on major securities markets in more developed countries and have also been highly volatile. As of the date of this Prospectus, the Principal Shareholders beneficially own 84.7% of the Company's issued and outstanding Common Shares and, following the Offer, will beneficially own 74.9% of the Company's issued and outstanding Common Shares assuming no Shares are sold pursuant to exercise of the Oversubscription Option. As there may be limited liquidity in the Common Shares, there can be no assurance that an active market for the Offer Shares will develop following the Offer or, if developed, that such market will be sustained.

The Offer Price was determined through a book-building process and discussions between the Company and the Issue Manager, Bookrunner and Lead Underwriter, and not by reference to the historical trading price of the Common Shares. The price at which the Common Shares will trade on the PSE at any point in time after the Offer may vary significantly from the Offer Price.

The Offer Shares may not be a suitable investment for all investors

Each prospective investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Company and its businesses, the merits and risks of investing in the Offer Shares and the information contained in this Prospectus,
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio,
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for purchasing and receiving dividends on the Offer Shares is different from the potential investor's currency,
- understand and be familiar with the behavior of any relevant financial markets, and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The market price of the Common Shares may be volatile, which could cause the value of investors' investments in the Company to decline

The market price of securities can and does fluctuate, and it is impossible to predict whether the price of the Common Shares will rise or fall or even lose all of its value. The market price of Common Shares could be affected by several factors, including:

- general market, political and economic conditions,
- changes in earnings estimates and recommendations by financial analysts,
- changes in market valuations of listed shares in general and other retail shares in particular,
- the market value of the assets of the Company,
- changes to Government policy, legislation or regulations, and
- general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Common Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Common Shares.

Future sales of Common Shares in the public market could adversely affect the prevailing market price of the Common Shares and shareholders may experience dilution in their holdings

In order to finance the expansion of the Company's business and operations, the Board may consider other funding options available to the Company at that time, which may include the sale of additional Common

Shares from the treasury or the issuance of new Common Shares. If additional funds are raised through the sale or issuance of new equity or equity-linked securities by the Company other than on a pro rata basis to existing shareholders, the percentage ownership of the shareholders may be reduced, shareholders may experience subsequent dilution and/or such securities may have rights, preferences and privileges senior to those of the Offer Shares. Further, the market price of the Common Shares could decline as a result of future sales of substantial amounts of Common Shares in the public market or the issuance of new Common Shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Common Shares or the Company's ability to raise capital in the future at a time and at a price it deems appropriate.

Shareholders may be subject to limitations on minority shareholders rights

The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those in certain other countries such as the United States or United Kingdom. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries. There can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

The Philippine Corporation Code, however, provides for certain protective rights to minority shareholders by requiring a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock for certain corporate acts.

Investors may incur immediate and substantial dilution as a result of purchasing Offer Shares.

The Offer Price of the Common Shares may be substantially higher than the net tangible book value of net assets per share of the Company's outstanding Common Shares. Therefore, purchasers of Offer Shares may experience immediate and substantial dilution and the Company's existing shareholders may experience a material increase in the net tangible book value of net assets per share of the Common Shares they own. See "Dilution" on page 56 of this Prospectus.

Future changes in the value of the Philippine Peso against the U.S. dollar or other currencies will affect the foreign currency equivalent of the value of the Common Shares and any dividends

The price of the Common Shares is denominated in Philippine Pesos. Fluctuations in the exchange rate between the Peso and other currencies will affect the foreign currency equivalent of the Peso price of the Common Shares on the PSE. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in Pesos by the Company on, and the Peso proceeds received from any sales of, the Offer Shares, as well as the book value of foreign currency assets, and income and expenses and cash flows in the Company's financial statements.

The Company may be unable to pay dividends on the Common Shares

Dividends declared by the Company on its shares of stock are payable in cash or in additional shares of stock. The Company currently does not have a minimum dividend policy, the payment of dividends in the future will depend upon the Company's future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its Subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and loan covenants, including loan obligations and loan covenants of its Subsidiaries, and other factors the Board may deem relevant.

Declaration of cash dividends by the Company requires the approval of the Board, the declaration of stock dividends by the Company requires the approval of its Board and the approval of stockholders representing at least 2/3 of the outstanding capital stock.

RISKS RELATING TO CERTAIN STATISTICAL INFORMATION IN THIS PROSPECTUS

Certain information contained herein is derived from unofficial publications

Certain information in this Prospectus relating to the Philippines, the industries in which the Company competes and the markets in where the Company operates, including statistics relating to market size, are derived from various Government and private publications. This Prospectus also contains industry information which was prepared from publicly available third-party sources. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. The information contained in the Industry section may not be consistent with other information. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by the Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters, nor any of their respective affiliates or advisors, and may not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines. Prospective investors are cautioned accordingly.

Non-verification of Certain Information

The section of this Prospectus entitled “Industry” was not independently verified by the Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters, or any of their respective affiliates or advisors.

EXCHANGE RATES

The PDS, a computer network supervised by the BSP, through which the members of the Bankers Association of the Philippines effect spot and forward currency exchange transactions, was introduced in 1992. The PDS was adopted by the BSP as a means to monitor foreign exchange rates. The BSP Rate is the closing spot rate for the purchase of U.S. dollars with Pesos, which is quoted on the PDS and published in the BSP's Reference Exchange Rate Bulletin and major Philippine financial press on the following business day. On 27 December 2013, the last business day in 2013 in the Philippines, the closing BSP Rate was ₱44.395= US$1.00. On 29 August 2014, the closing BSP Rate was ₱43.590 = US$1.00.

The following table sets forth certain information concerning the BSP Rate between the Peso and the U.S. dollar for the periods and dates indicated, expressed in Pesos per US$1.00:

	Peso/U.S. dollar exchange rate			
Year	**Period end**	**Average(1)**	**High(2)**	**Low(3)**
2007	41.401	46.182	49.130	41.210
2008	47.485	44.474	49.999	40.330
2009	46.356	47.641	49.050	46.000
2010	43.885	45.120	47.100	42.530
2011	43.928	43.310	44.580	41.925
2012	41.192	42.237	44.130	40.850
2013	44.414	42.430	44.750	40.570
2014				
January	45.155	44.972	45.370	44.450
February	44.656	44.861	45.410	44.430
March	44.996	44.798	45.290	44.380
April	44.463	44.628	44.940	44.280
May	43.927	43.890	44.500	43.550
June	43.780	43.808	44.120	43.585
July	43.421	43.458	43.615	43.235
August	43.648	43.789	44.080	43.598
September	44.965	44.191	45.085	43.520
October	44.880	44.879	44.978	44.820

(1) *Weighted average rate under the Philippine Dealing System ("PDS") starting August 4, 1992.*

(2) *Highest closing exchange rate for the period.*

(3) *Lowest closing exchange rate for the period.*

Source: Reference Exchange Rate Bulletin, Treasury Department of the BSP.

USE OF PROCEEDS

Based on the Offer Price of ₱7.50 per Offer Share, the Company expects to raise gross proceeds amounting to approximately ₱1,612.5 million from the Firm Offer. In the event that the Oversubscription Option is exercised in full, the Company expects to raise gross proceeds from the Offer of up to ₱2,250.0 million.

The following are the estimated expenses to be incurred in relation to the Offer:

	Before Oversubscription (₱ millions)	With Oversubscription (₱ millions)
Total proceeds from the Offer	1,612.5	2,250.0
Underwriting and selling fees (including fees to be paid to the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters) (incl. GRT)	31.2	43.5
Documentary Stamps Tax	1.1	1.5
SEC registration, filing and research fees	1.3	1.3
PSE Processing Fees (incl. VAT)	1.9	2.6
Estimated professional fees (including legal, audit, and financial advisory fees)	5.0	5.0
Others	3.0	3.0
Total estimated expenses	43.5	57.0
Estimated net proceeds from the Offer	1,569.0	2,193.0

The Company expects to use the net proceeds from the Offer, estimated to be ₱1,569.0 million or ₱2,193.0 million, after deducting the above expenses on the following:

Use of Proceeds	Before Oversubscription	Percentage	With Oversubscription	Percentage	Estimated Timing
Capital Expenditure:	₱0.7 Bn	46.5%	₱0.9 Bn	40.0%	4th Quarter of 2014 to Full year 2015
Business Expansion:	₱0.4 Bn	22.5%	₱0.6 Bn	28.9%	4th Quarter of 2014 to Full year 2015
Refinancing of Debt:	₱0.2 Bn	15.5%	₱0.3 Bn	13.3%	4th Quarter of 2015
Working Capital:	₱0.2 Bn	15.5%	₱0.4 Bn	17.8%	Full year 2015
Total	**₱1.6 Bn**	**100.0%**	**₱2.2 Bn**	**100.0%**	

In the event that the Offer proceeds are less than the expected amount, the Company intends to allocate the proceeds in order of priority as follows:

1. Regular maintenance capital expenditure

2. Expansion capital expenditure – construction of new building in Bulgaria

3. Payment of financial obligations and working capital requirements

To the extent that the Offer proceeds are insufficient to finance the above-mentioned purposes, additional financing from loans and internally-generated cash flows will be utilized as necessary.

Capital Expenditure

Net proceeds amounting to ₽0.7 billion (or ₽0.9 billion assuming full exercise of the Oversubscription Option) is intended to be used for capital expenditure. A substantial portion of capital expenditure will be allocated for the Company's maintenance of its plants and machinery in Bulgaria, China, Czech Republic, Mexico, and the Philippines. The funds will also be used in the building expansion of the Company's facilities in Jiaxing and Bulgaria, and the machinery expansion for the Philippines.

Subject to actual cost requirements at the time of application, approximately 91.0% of the planned capital expenditure is intended to be applied to the payment of costs associated with the maintenance of plant and equipment used in and for IMI's EMS business line while approximately 9.0% is intended to be applied to the payment of costs associated with the maintenance of plant and equipment used in and for IMI's SATS business line.

Business Expansion

Net proceeds amounting to ₱0.4 billion (or ₽0.6 billion assuming full exercise of the Oversubscription Option) is intended to be used for business expansion. Majority of the proceeds for business expansion will be used for the construction, fit-out and installation of related infrastructure for the operation of a new building in Bulgaria for IMI's EMS business. Expenses for building and leasehold improvements include, but are not limited to, the following: construction, electrical, plumbing, cabling, mechanical work and expenses for securing necessary permits, licenses and professional advisory and labor fees.

Use of proceeds allocated for business expansion is intended to be used to expand current and existing businesses. While the Company remains open to acquire companies with similar or related business interests, no definitive targets have been currently identified.

Refinancing of Debt

The Company intends to use a portion of the net proceeds to settle short-term financial obligations with BNP Paribas Singapore and Standard Chartered Singapore. These borrowings consist of various revolving bank promissory notes with interest rates of approximately 2.3% to 2.6% per annum which were incurred primarily to fund working capital growth.

Financial Institution	Amount	Due Date	Interest Rate
BNP Paribas Singapore	US$3,500,000.00	Due January 2015	2.30%
Standard Chartered Singapore	US$2,000,000.00	Due January 2016	2.55%

The proposed use of proceeds described above represents a best estimate of the use of the net proceeds of the Offer based on the Company's current plans and expenditures.

The actual amount and timing of disbursement of the net proceeds from the Offer for the use stated above will depend on various factors. In the event that the Oversubscription Option is not exercised, the Company will use a mix of internally generated cash and external financing to meet funding requirements. To the extent that the net proceeds from the Offer are not immediately applied to the above purpose, the Company will invest the net proceeds in interest-bearing short-term demand deposits and/or money market instruments. Aside from underwriting and selling fees, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters will not receive any of the net proceeds from the Offer.

Working Capital

The Company will require additional working capital as more cash is needed for its day-to-day operations. Approximately ₱0.2 billion (or ₱0.4 billion assuming full exercise of the Oversubscription Option) of the net proceeds of the Offer is intended to be applied for this purpose.

In the event of any material deviation or substantial adjustment in the planned use of proceeds, the Company shall inform its shareholders, the SEC and the PSE in writing at least 30 days before such deviation or adjustment is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, will be approved by the Company's Board of Directors and disclosed to the SEC and the PSE. In addition, the Company shall submit via the PSE's Online Disclosure System, the PSE EDGE Portal, the following disclosure to ensure transparency in the use of proceeds:

- any disbursements made in connection with the planned use of proceeds from the Offer,
- Quarterly Progress Report on the application of the proceeds from the Offer on or before the first 15 days of the following fiscal quarter, the quarterly progress reports should be certified by the Company's Chief Financial Officer or Treasurer and external auditor,
- annual summary of the application of the proceeds on or before 31 January of the following year, the annual summary report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor, and
- approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the Work Program. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The quarterly and annual reports required in items (ii) and (iii) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any. The detailed explanation must state the approval of the Board as required in item (iv) above.

DIVIDENDS AND DIVIDEND POLICY

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries depending on its business requirements.

The Philippine Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation, (ii) when the required consent of any financing institution or creditor to such distribution has not been secured, (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies, or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

Record Date

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date of declaration. For stock dividends, the record date should not be less than 10 nor more than 30 days from the date of the shareholders' approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Dividend History

Stock Dividends

CLASS	DECLARATION DATE	PERCENT	RECORD DATE	PAYMENT DATE
Common	12 August 2010	15%	31 August 2010	24 September 2010

Cash Dividend

CLASS	DECLARATION DATE	RATE/SHARE	RECORD DATE	PAYMENT DATE
Common	8 April 2010	US$0.0024/₱0.11	30 April 2010	27 May 2010
Common	23 February 2011	US$0.00099/ ₱0.044	9 March 2011	4 April 2011
Common	17 February 2014	US$0.00140 or ₱0.06319	3 March 2014	19 March 2014
Preferred	21 January 2010	8.25%	8 February 2010	22 February 2010
Preferred	21 January 2010	8.25%	10 May 2010	21 May 2010
Preferred	21 January 2010	8.25%	9 August 2010	24 August 2010
Preferred	21 January 2010	8.25%	8 November 2010	22 November 2010
Preferred	14 February 2011	8.25%	8 February 2011	21 February 2011
Preferred	23 February 2011	8.25%	9 May 2011	20 May 2011
Preferred	23 February 2011	8.25%	17 August 2011	23 August 2011
Preferred	23 February 2011	8.25%	9 November 2011	22 November 2011
Preferred	5 December 2011	8.25%	8 February 2012	21 February 2012
Preferred	5 December 2011	8.25%	9 May 2012	21 May 2012
Preferred	5 December 2011	8.25%	10 August 2012	23 August 2012
Preferred	5 December 2011	8.25%	9 November 2012	22 November 2012
Preferred	10 December 2012	8.25%	8 February 2013	21 February 2013
Preferred	10 December 2012	8.25%	8 May 2013	21 May 2013
Preferred	10 December 2012	8.25%	9 August 2013	23 August 2013
Preferred	10 December 2012	8.25%	11 November 2013	22 November 2013
Preferred	29 November 2013	2.90%	7 February 2014	21 February 2014
Preferred	29 November 2013	2.90%	7 May 2014	21 May 2014
Preferred	29 November 2013	2.90%	7 August 2014	22 August 2014
Preferred	29 November 2013	2.90%	7 November 2014	21 November 2014

Dividend Policy

Dividends declared by the Company on its shares of stocks are payable in cash, property, or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors. There are no other restrictions that limit the payment of dividends on common shares.

Cash dividends are subject to approval by the Company's Board of Directors but no stockholder approval is required. Property dividends which may come in the form of additional shares of stock are subject to approval by both the Board of Directors and the stockholders of the Company. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and the PSE.

The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

The Company currently does not have a minimum dividend policy: the payment of dividends in the future will depend upon the earnings, cash flow, and financial condition of the Company and other factors.

DETERMINATION OF THE OFFER PRICE

The Common Shares are listed and traded on the Main Board of the PSE under the symbol "IMI." The Company will apply for the Offer Shares to be listed and traded on the PSE under the same symbol. For a description of the PSE, see "The Philippine Stock Market" beginning on page 148.

The Offer Price has been set at ₱7.50 per Offer Share. The final Offer Price was determined through a book-building process and discussions among the Company and the Issue Manager, Bookrunner and Lead Underwriter.

The factors considered in determining the Offer Price were, among others, the Company's ability to generate earnings and cash flow, its short and long term prospects, the level of demand from institutional investors, overall market conditions at the time of launch of the Offer and the market price of listed comparable companies, with reference to the relevant country's stock market index. The Offer Price does not have any correlation to the book value of the Offer Shares and to the current market price of the Company's Common Shares on the PSE.

CAPITALIZATION AND INDEBTEDNESS

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

No changes were made in the objectives, policies and processes since the period ended 31 July 2014.

The Company is not subject to externally imposed capital requirements.

The Group monitors capital using a gearing ratio of debt to equity and net debt to equity. The Group considers bank borrowings in the determination of debt, which consist of trust receipts and loans payable and long-term debt. Net debt is equivalent to the total bank borrowings less cash and cash equivalents.

	31 July 2014	31 December 2013	31 July 2013
Trust receipts and loans payable	**$50,008**	$45,654	$49,932
Long-term debt	**48,590**	47,711	47,038
Total debt	**98,598**	93,365	96,970
Less cash and cash equivalents	**50,637**	49,043	56,438
Net debt	**47,961**	44,322	40,532
Equity attributable to equity holders of the Parent Company	**206,726**	$192,650	$188,389
Debt to equity ratio	**48%**	48%	51%
Net debt to equity ratio	**23%**	23%	22%

In US$ thousands

DILUTION

The book value attributable to the Company's shareholders, based on the Company's audited financial statements as at 31 July 2014, was US$206,725,846, which includes preferred shares while the book value per Common Share was US$0.11 or approximately ₱4.97. The book value attributable to the Company's Common Shareholders represents the amount of the Company's total equity attributable to equity holders of the Parent Company. The Company's book value per share is computed by dividing the book value attributable to the Company's shareholders by the equivalent number of Common Shares outstanding. Without taking into account any other changes in such book value after 31 July 2014 other than the sale of 300,000,000 Offer Shares at the Offer Price of ₱7.50 per Offer Share, assuming the Oversubscription Option is exercised in full and after deduction of the underwriting discounts and commissions and estimated offering expenses of the Offer payable by the Company, the Company's net book value as of listing would increase to ₱10,308.4 million, or ₱5.33 per Common Share. This represents an immediate increase in net book value of ₱0.36 per Common Share to existing shareholders, and an immediate dilution of ₱2.17 per Common Share to purchasers of Offer Shares at the Offer Price of ₱7.50 per Offer Share. The above calculations assume a ₱ versus US$ exchange rate as of 20 November 2014 of ₱45.054.

Dilution in proforma book value per share to investors of the Offer Shares represents the difference between the Offer Price and the proforma book value per share immediately following the completion of the Offer. The pro forma book value per share immediately following the completion of the Offer represents the book value per share as of 31 July 2014 after giving effect to the Offer.

The following table illustrates dilution on a per share basis based on the Offer Price of ₱7.50 per Offer Share assuming full exercise of the Oversubscription Option:

Offer Price per Offer Share	₱7.50
Book value per Common Share as at 31 July 2014	₱4.97
Difference in Offer Price per Offer Share and book value per Offer Share as of 31 July 2014	₱2.53
Pro forma book value per Common Share immediately following completion of the Offer	₱5.33
Dilution in Pro forma book value per Common Share to investors of the Offer Shares (assuming full exercise of the Oversubscription Option)	₱2.17

The following table sets forth the shareholdings and percentage of Common Shares outstanding of existing and new shareholders of the Company immediately after completion of a Firm Offer of 215,000,000 Offer Shares:

	Common Shares	
	Number	**%**
Existing shareholders	1,634,078,073	88.4%
New investors	215,000,000	11.6%
Total	**1,849,078,073**	**100.0%**

The following table sets forth the shareholdings and percentage of Common Shares outstanding of existing and new shareholders of the Company immediately after completion of the Offer Shares (assuming full exercise of the Oversubscription Option):

	Common Shares	
	Number	**%**
Existing shareholders	1,634,078,073	84.5%
New investors	300,000,000	15.5%
Total	**1,934,078,073**	**100.0%**

SELECTED FINANCIAL AND OPERATING INFORMATION

The following tables set forth selected consolidated financial information for the Company and should be read in conjunction with the independent auditors' reports and the Company's audited consolidated financial statements, including the notes thereto, included elsewhere in this Prospectus, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The selected consolidated financial information as at and for the seven months ended 31 July 2014 and 2013 and the years ended 31 December 2013, 2012, and 2011 were derived from the Company's audited consolidated financial statements, which were prepared in accordance with PFRS and were audited by SGV & Co. in accordance with the Philippine Standards on Auditing ("PSA"). The selected consolidated financial information below is not necessarily indicative of the results of future operations.

CONSOLIDATED STATEMENTS OF INCOME

	For the seven months ended 31 July		For the years ended 31 December		
	2014	**2013**	**2013**	**2012 (As restated)**	**2011 (As restated)**
Sales	505,776	418,733	745,032	661,850	575,454
Cost of Sales and Services	447,848	384,753	677,103	604,913	533,673
Gross Profit	**57,928**	**33,980**	**67,929**	**56,937**	**41,781**
Operating Expenses	(33,881)	(31,692)	(55,795)	(49,524)	(56,325)
Net Operating Income (Loss)	**24,047**	**2,288**	**12,134**	**7,413**	**(14,544)**
Net Finance and Other Income (Expense)	(3,158)	717	1,589	(2,521)	20,455
Income Before Income Tax	20,889	3,005	13,723	4,892	5,911
Provision for Income Tax	(4,239)	(2,511)	(4,527)	(3,959)	(4,654)
Net Income	16,650	494	9,196	933	1,257
Net Income (Loss) Attributable to:					
Equity holders of Parent Company	**16,735**	**1,575**	**10,473**	**5,585**	**3,255**
Non-controlling interests	(85)	(1,081)	(1,277)	(4,652)	(1,998)
	16,650	494	9,196	933	1,257
EBITDA	**36,084**	**17,458**	**36,440**	**32,754**	**19,540**

In US$ thousands

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
ASSETS					
Current Assets					
Cash and cash equivalents	50,637	56,438	49,042	56,196	$54,069
Loans and receivables– net	203,616	167,039	178,465	150,881	133,676
Inventories	102,824	89,307	94,136	83,176	80,402
Derivative assets	–	–	–	2,857	2,799
Other current assets	14,507	15,770	16,620	7,426	8,855
Total Current Assets	371,584	328,554	338,263	300,536	279,801
Noncurrent asset classified as held for sale	2,616	–	–	–	–
Noncurrent Assets					
Property, plant and equipment - net	83,208	85,419	85,654	88,071	97,505
Goodwill	54,355	54,355	54,355	54,355	54,355
Intangible assets	4,300	5,186	4,862	5,894	7,334
Available-for-sale financial assets	509	1,890	1,867	1,609	414
Noncurrent receivables	–	–	–	–	214
Deferred tax assets	1,177	801	645	1,083	744
Other noncurrent assets	2,039	1,595	2,583	1,805	1,518
Total Noncurrent Assets	145,588	149,246	149,966	152,817	162,084
TOTAL ASSETS	**519,788**	**477,800**	**488,229**	**453,353**	**441,885**
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and accrued expenses	187,566	166,679	171,055	143,405	144,242
Trust receipts and loans payable	50,008	49,932	45,654	44,207	39,009
Current portion of long-term debt	3,089	2,797	2,903	2,650	–
Income tax payable	1,972	2,263	1,649	1,911	1,687
Derivative liabilities	–	217	41	–	34
Total Current Liabilities	242,635	221,888	221,302	192,173	184,972
Noncurrent Liabilities					
Noncurrent portion of:					
Long-term debt	59,233	60,511	61,700	62,851	60,398
Deferred revenue	1,594	1,868	1,742	2,031	2,304
Obligation under finance lease	2,884	1,468	2,978	705	613
Deferred tax liabilities	2,141	3,382	3,092	4,629	4,810
Net retirement liabilities	6,577	2,067	6,743	2,343	3,423
Accrued rent	506	553	443	585	914
Other noncurrent liabilities	181	82	183	87	231
Total Noncurrent Liabilities	73,116	69,931	76,881	73,231	72,693
Total Liabilities	315,751	291,819	298,183	265,404	257,665

In US$ thousands
(Forward)

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
EQUITY					
Equity Attributable to Equity Holders of the Parent Company					
Capital stock-common	30,031	30,015	30,017	30,011	24,932
Capital stock-preferred	26,601	26,601	26,601	26,601	26,601
Subscribed capital stock	1,174	1,297	1,230	1,301	6,507
Additional paid-in capital	51,274	51,171	51,264	58,558	59,085
Subscriptions receivable	(9,546)	(9,541)	(9,591)	(9,651)	(10,395)
Retained earnings:					
Appropriated for expansion	20,661	20,661	20,661	20,661	30,661
Unappropriated	97,951	75,477	83,503	73,902	60,982
Treasury stock	(1,013)	(1,013)	(1,013)	(1,013)	(1,013)
Reserve for fluctuation on available-for-sale financial assets	166	196	190	198	144
Cumulative translation adjustment	(2,976)	(2,367)	(1,425)	(2,304)	(6,043)
Other comprehensive loss	(7,768)	(4,279)	(8,958)	(4,618)	(6,212)
Other reserves	171	171	171	171	171
	206,726	188,389	192,650	193,817	185,420
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	(2,689)	(2,408)	(2,604)	(5,868)	(1,200)
Total Equity	204,037	185,981	190,046	187,949	184,220
TOTAL LIABILITIES AND EQUITY	**519,788**	**477,800**	**488,229**	**453,353**	**441,885**

In US$ thousands

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the seven months ended 31 July		For the years ended 31 December		
	2014	**2013**	**2013**	**2012 (As restated)**	**2011 (As restated)**
Cash Flows from Operating Activities					
Income before income tax	20,889	3,005	13,723	4,3192	5,911
Adjustments for:					
Depreciation of property, plant, and equipment	12,211	12,941	21,070	23,319	24,615
Interest expense	1,761	1,894	2,880	3,021	2,500
Provision for impairment loss on investment	1,754	–	–	–	–
Provision (reversal of provision) for doubtful accounts	(1,585)	65	(103)	441	1,978
Write-off of available-for-sale financial assets	1,350	–	–	–	–
Provision for inventory obsolescence	1,234	1,172	2,123	283	1,029
Net retirement expense	1,228	884	1,682	2,200	1,886
Unrealized foreign exchange losses (gains) - net	1,217	(1,466)	(878)	1,316	(1,740)
Amortization of intangible assets	1,084	1,078	1,790	2,058	1,164
Amortization of deferred revenue	(148)	(163)	(289)	(261)	(261)
Interest income	(137)	(121)	(219)	(267)	(315)
Loss (gain) on derivative transactions	(100)	625	479	(1,662)	(6,219)
Loss (gain) on sale of property, plant, and equipment	(59)	129	(125)	(133)	(115)
Cost of share-based payments	–	71	15	70	674
Reversal of allowance for decline in value of inventories	–	24	(107)	–	(21)
Impairment loss on property, plant, and equipment	–	–	5	226	–
Provision for restructuring	–	–	–	1,896	832
Gain from bargain purchase	–	–	–	–	(13,018)
Impairment loss on goodwill	–	–	–	–	2,717
Dividend income	–	–	–	–	(1)
Operating income before working capital changes	40,699	20,138	42,046	37,399	21,616
Changes in operating assets and liabilities:					
Decrease (increase) in:					
Loans and receivables	(27,297)	(16,295)	(26,276)	(16,859)	(836)
Inventories	(11,059)	(7,383)	(12,648)	(2,592)	(379)
Other current assets	2,113	(8,294)	(9,194)	1,429	(6,347)
Noncurrent receivables	–	–	–	214	(29)
Increase (decrease) in:					
Accounts payable and accrued expenses	16,642	26,869	30,429	(3,045)	8,524
Other noncurrent liabilities	(2)	(5)	97	(144)	(141)
Accrued rent	63	(32)	(142)	(328)	20
Net cash generated from operations	21,159	(6,974)	03	21,098	15,0357
Income tax paid	(4,482)	(3,052)	(5,670)	(4,463)	(4,790)
Interest paid	(2,068)	(2,794)	(3,514)	(2,592)	(1,885)
Interest received	229	121	522	238	315
Dividends received	–	–	–	–	1
Net cash provided by operating activities	**14,838**	**9,273**	**15,651**	**9,258**	**16,068**

In US$ thousands

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
Cash Flows from Investing Activities					
Acquisitions of:					
Property, plant, and equipment	(12,752)	(10,229)	(17,820)	(16,027)	(14,830)
Intangible assets	(529)	(363)	(776)	(525)	(411)
Available-for-sale financial assets	–	(351)	(350)	(1,000)	–
Decrease (increase) in other noncurrent assets	545	211	(842)	(289)	293
Proceeds from sale of property, plant, and equipment	456	1,153	2,869	3,710	2,656
Settlement of derivatives	59	(458)	(439)	1,569	1,315
Cash paid upon exercise of call option	–	(125)	(125)	–	–
Acquisition through business combination - net of cash acquired	–	–	–	–	5,053
Net cash used in investing activities	**(12,221)**	**(10,162)**	**(17,483)**	**(12,562)**	**(5,924)**
Cash Flows from Financing Activities					
Availments of loans	11,982	7,866	6,135	43,697	50,839
Payments of:					
Loans payable	(6,071)	(1,868)	(4,469)	(32,780)	(2,623)
Long-term debt	(2,927)	(2,656)	(2,656)	–	(38,000)
Dividends paid to equity holders of the Parent Company	(2,526)	(1,380)	(2,662)	(2,469)	(3,884)
Separation/benefits paid	(288)	(686)	(1,287)	(1,870)	(1,112)
Decrease in obligations under finance lease	(807)	(212)	(523)	(801)	–
Collections of subscriptions receivable	13	174	208	20	616
Dividends paid to non-controlling interests	0	–	–	(15)	(20)
Net cash provided by (used in) financing activities	**(624)**	**1,238**	**(5,254)**	**5,782**	**5,816**
Effect of changes in foreign exchange rates on cash and cash equivalents	(398)	(107)	(68)	(351)	(26)
Net increase (decrease) in cash and cash equivalents	1,595	242	(7,154)	2,127	15,934
Cash and cash equivalents at beginning of period	49,042	56,196	56,196	54,069	38,135
Cash and cash equivalents at end of period	**50,637**	**56,438**	**49,042**	**56,196**	**54,069**

In US$ thousands

KEY PERFORMANCE INDICATORS

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
Operating efficiency:					
Revenue growth	21%	9%	13%	15%	40%
Profitability:					
Return on Equity	8%	1%	5%	3%	2%
Return on Assets	3%	0.3%	2%	1%	1%
EBITDA margin	7%	4%	5%	5%	3%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AUDITED)

The following discussion of the Company's financial results should be read in conjunction with the independent auditors' reports and the Company's audited consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Selected Financial and Operating Information."

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

OVERVIEW

The Company is one of the leading worldwide providers of electronics manufacturing services and power semiconductor assembly and test service. The Company's comprehensive range of pioneering products and manufacturing services assists OEMs in product realization offering end-to-end services from design and engineering, new product introduction and manufacturing up to support and fulfillment.

FACTORS AFFECTING RESULTS OF OPERATIONS

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on the Company's results of operations and financial condition in the future. See "Risk Factors" beginning on page 30 of this Prospectus.

The following important factors could affect the Company's future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- ***Global macroeconomic conditions and industry trends***

The Company's operations are substantially affected and will continue to be affected, by global macroeconomic conditions as well as emerging industry trends. Demand for, and the prevailing prices of, its products are directly related to the strength of the global economy and consumer confidence, including overall growth levels. Technological, economic, and other trends in the EMS industry, as well as the markets the Company serves, such as the fields of automotive, industrial, and telecommunications will continue to affect the Company's performance—the increasing number of components in automobiles, for example, has been favorable to the Company's business.

Below is a table illustrating the total revenue contribution by customer nationality to the Company. The Company notes that its European and American customers, although based in their respective countries, are global countries that serve the global markets.

	Revenue Contribution by Customer Nationality (As a % to Total Revenues)				
	For the period ended 31 July		**For the year ended 31 December**		
	2014	**2013**	**2013**	**2012**	**2011**
European	49%	52%	51%	50%	50%
American	24%	30%	30%	31%	24%
Japanese	10%	9%	9%	9%	13%
Rest of Asia/Others	17%	9%	10%	10%	13%

- ***The ratio of the Company's turnkey to consignment revenues***

In recent times, the EMS business model has shifted to turnkey businesses as customers seek to partner with EMS companies that can handle the full range of manufacturing and supply chain. While consignment presents higher margin, most customers prefer to have turnkey supply agreements. Under a turnkey arrangement, the Company provides materials sourcing and management, labor and overhead support, aside from manufacturing processes and equipment. In contrast, under a consignment arrangement, the Company's customers provide materials and equipment and the Company renders assembly services. The increasing percentage of the turnkey business has expanded the Company's revenue base, but has also exerted pressure on the Company's margins given the higher revenue and raw material costs versus consignment business.

The ratio of turnkey to consignment business also impacts the Company's inventory profile. The Company's increase mix of the turnkey business requires it to maintain a higher inventory level where a purely consignment operation would not. The Company relies on its experience in inventory management to optimize the level of its inventory and manage obsolescence. While the shift to turnkey has generally increased the Company's inventory levels, this has also enhanced the Company's ability to negotiate for better terms with its suppliers.

The following table sets out the percentage of turnkey businesses and consignment business of the Company's total revenues.

In US$ Millions	**For the seven months ended 31 July**				**For the year ended 31 December**					
	2014		**2013**		**2013**		**2012**		**2011**	
	Revenues	**%**	**Revenues**	**%**	**Revenues**	**%**	**Revenues**	**%**	**Revenues**	**%**
Turnkey Revenues	447.5	88%	384.0	89%	670.8	90%	590.4	89%	482.4	84%
Consignment Revenues	58.3	12%	34.7	8%	74.3	10%	71.5	11%	93.1	16%
Total	505.8	100%	418.7	100%	745.1	100%	661.9	100%	575.5	100%
Gross Profit Margin	11.5%		8.1%		9.1%		8.6%		7.3%	
Net Income Margin	3.3%		0.1%		1.2%		0.1%		0.2%	

The enhancements in net income margin resulting from, among other factors, the significant improvements in utilization, cost management and focus on longer cycle, higher margin industry segments, has more than offset gross margin compression brought about by the shift to turnkey.

- ***Utilization of Factory Overhead***

The Company's overhead costs account for a significant portion of its expenses. Such costs are usually related to capacity and are generally fixed in the short to medium term. To a certain extent, as utilization increases, driven by revenue growth, cost reduction and productivity improvements, the Company's marginal costs decrease. The Company's ability to manage utilization of its international facilities, whether as a result of consolidating or reallocating production supply and demand, as well as cost management and productivity are primary drivers of in its profitability.

- ***Product Mix***

In response to a very dynamic operating environment and the intense industry competition, the Company focuses on high-growth and specialized product niches and seeks to provide higher value added services to its customers. The Company further focuses on longer life cycle industries particularly automotive, and telecommunication infrastructure to promote revenue stability as well as to avoid costly model and design changes. The estimated product life cycle, as well as segment contribution of the industries the Company serves, is illustrated in the following table.

		Revenue Contribution (As a % to Total Revenues)				
	Estimated Product Life Cycle	For the seven months ended 31 July		For the year ended 31 December		
		2014	2013	2013	2012	2011
Automotive	8 to 10 years	38%	38%	37%	31%	19%
Industrial	8 to 12 years	14%	15%	15%	17%	18%
Telecommunications	3 to 5 years	20%	17%	18%	19%	19%
Consumer	2 to 3 years	12%	14%	14%	16%	20%
Computer Peripherals	2 to 3 years	6%	5%	5%	3%	6%
Medical	8 to 10 years	3%	3%	3%	5%	4%
Others		7%	8%	8%	9%	14%

- ***The effects of price competition and other business and competitive factors generally affecting the EMS industry***

The Company's performance is affected by its ability to compete and by the competition it faces from other global EMS companies. While it is unlikely for EMS companies to pursue identical business activities, the industry remains competitive. Competitive factors that influence the market for the Company's products and services include: product quality, pricing and timely delivery.

The Company is further dependent on its customers' ability to compete and succeed in their respective markets for the products that the Company manufactures.

- ***Other factors affecting international operations***

Other factors that may affect our operations include foreign currency fluctuations as well as cost structures unique to each of our international sites. The Company's revenues are denominated in US Dollars and Euros, while expenses are denominated in the local currency where the facility is located. The Company hedges these exposures to manage foreign currency volatility and smoothen the effects of foreign currency fluctuation over time.

Low production costs and proximity to large growing markets have driven the Company to establish facilities in China, Europe, and Mexico through the years. The Company believes that its operations in these areas allow the Company to optimize the balance of labor and supply chain costs, which allows it to better compete in its industry. The table below illustrates the revenue contribution of each of our international sites:

	Revenue Contribution Per International Site (As a % to Total Revenues)				
	For the seven months ended 31 July		For the year ended 31 December		
	2014	2013	2013	2012	2011
Philippines	25%	25%	25%	24%	27%
China/SG	37%	35%	37%	41%	49%
Europe/Mexico	32%	33%	32%	28%	11%
Psi	5%	6%	6%	7%	13%
U.S.	1%	1%	0%	0%	0%
Japan	0%	0%	0%	0%	0%

Critical Account Policies

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future solution of the uncertainties increase, those judgments become even more subjective and complex. To provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the critical accounting policies discussed below have been identified. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, the Company believes that the following critical accounting policies warrant particular attention.

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities affected in future periods. Significant accounting policies and methods used in the preparation of our consolidated financial statements are described and disclosed under "Significant Accounting Judgments, Estimates and Assumptions".

DESCRIPTION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

Revenues from Sales of Goods – revenues arising from turnkey businesses wherein the Company provides materials sourcing and management, labor and overhead support, aside from manufacturing processes and equipment

Revenues from Sales of Services – revenues arising from arrangement wherein customers provide materials and equipment and the Company renders assembly services

Cost of Goods Sold and Services – costs attributable to the production of goods sold by the Company which include costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Operating Expenses – expenses incurred in carrying out the Company's day-to-day activities but not directly associated with production. These expenses are further subdivided into selling expenses and general & administrative expenses.

Net Finance and Other Income (Expense) – these comprise non-operating items such as finance/interest costs, interest income, foreign exchange gains or losses and other income not arising from activities not related to the Company's core operations.

Provision for Income Taxes – an amount that estimates the Company's income tax liability for a certain period

Net Income (Loss) Attributable to the Equity Holders of the Parent Company–net profit attributable to controlling interests or share of the Parent Company's stockholders.

Net Income Attributable to Non-controlling Interests – share in the net profit of minority stockholders

RESULTS OF OPERATIONS

Revenues, gross profit, net income, and the related computed EBITDA and basic earnings per share, for the seven-month periods ended 31 July 2014 and 2013 and for the years ended 2013, 2012, and 2011 are as follow:

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
Revenues from Sales and Services	505,776	418,733	745,032	661,850	575,454
Cost of Goods Sold and Services	447,848	384,753	677,103	604,913	533,673
Gross Profit	57,928	33,980	67,929	56,937	41,781
Net Income Attributable to Equity Holders of Parent Company	16,735	1,575	10,473	5,585	3,255
EBITDA[1]	36,084	17,458	36,440	32,754	19,540
Earnings per Share (EPS)	0.010	0.001	0.006	0.002	0.001

In US$ thousands, except basic EPS

For the Seven Months Period Ended 31 July 2014 vs. 2013

Revenues from Sales and Services

The Company posted consolidated revenues of US$505.8 million for the seven months period ended 31 July 2014, a 21% increase from last year's US$418.7 million driven by increased demand from customers in the telecommunications infrastructure, automotive electronics, and storage market devices.

The China operation's seven-month revenues of US$188.6 million represent a 28% increase from last year's US$147.5 million, boosted by volume expansion for main customers in the telecommunications segment. The China EMS operations contributed 37% to the Company's total revenues for the first seven months of 2014.

The sustained expansion of the automotive business in the Company's factories in Eastern Europe has resulted in the company's Europe and Mexico operations generating combined revenues of US$162.0 million, a 17% increase year-over-year.

The Company's EMS operations in the Philippines posted US$128.9 million in revenues, a 22% year-on-year growth due mainly to a robust storage device assembly business and an upsurge in automotive electronics business.

Meanwhile, the Company's power semiconductor company Psi Technologies, Inc. recorded US$26.1 million in revenues, slightly lower than last year's by 3%.

The Company's automotive electronics business accounts for 38% of its total revenues. Business is doing well in all locations, accounting for the sector's 19% revenue year-on-year growth.

Besides the automotive sector, the Company's computing, telecommunications and industrial businesses also posted a double-digit growth. Computing segment, due to its increased business in the storage market device posted 54% growth for the first seven months of 2014 from the same period last year. The improving performance of IMI China due primarily to increased demand from customers in the telecommunications infrastructure market resulted to a 43% year-on-year growth in telecom segment and now contributes 20% to

[1]EBITDA = EBITDA represents net operating income after adding depreciation and amortization, cost of share-based payments and foreign exchange gains/losses. EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of the Company's operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

the consolidated revenues from last year's 17%.The industrial segment also contributed an 17% year-on-year growth to the total group.

Europe remains to be the biggest market of the company's products, comprising 49% of global sales, followed by America at 24%.

Cost of Goods Sold and Services

Cost of sales is higher by 16% relative to the 21% increase in revenues. Lower cost ratios from better direct materials and fixed overhead ratios particularly for European subsidiaries. Higher direct labor ratio due to increase in labor–intensive businesses in the Philippines.

Gross Profit and Gross Profit Margin

The Company's operations generated gross profit of US$57.9 million, higher year-on-year by 70% which is mainly revenue driven. Gross Profit margin was higher by 334 bps from better margins across all sites driven by improved direct cost ratios and better utilization. The increase in consignment businesses generating higher margins for Philippines also contributed to the increase.

Operating Expenses

The Company's operating expenses went up by US$2.2 million or 7% mainly due to increase in people-related costs, inventory provisions, government-related and technology-related costs.

Net Income

The company generated US$16.7 million net income, more than 10x of last year's US$1.6 million. Operating income up by US$21.8 million or more than ten times that of last year's driven by improved profitability across all sites. This was offset by provisions and write-off made for available-for-sale investments and FX loss position.

EBITDA

EBITDA higher by US$18.6 million or 107% due to higher operating income pf US$21.8 million, however, offset by foreign exchange impact by US$2.3 million.

Financial Condition

The Company maintains financial stability with a cash balance of US$50.6 million as of 13 July 2014. Current ratio and debt-to-equity ratio remains healthy at 1:5:1 and 0.48:1, respectively.

For the first seven months of 2014, the Company's capital expenditures amounted to US$14.0 million which comprised mainly of warehouse, building improvements, machineries and facilities equipment to sustain continuous plant expansions. For the full year of 2014, the Company expects to spend US$27M for capital expenditures. These capital expenditures are to be partially funded by proceeds of the Company's cash from operations and debt. The main components of these expenditures are building extensions and improvements, purchase of equipment for new projects, various machineries restorations and innovation and strategic investments. These will ensure uninterrupted services and meeting demands of the Company's customers.

<u>For the Years Ended 31 December 2013 vs. 2012</u>

Revenues from Sales and Services

Amidst a subdued global economy, the Group revenues grew 12.6% to US$745.0 million in 2013 from US$661.8 million in 2012 due mainly to the Group's strong business expansion in Europe, Mexico and the Philippines.

The Company realized higher revenues with corresponding profitability despite several challenges. The Company's diversification strategy has afforded extensive global footprint, amplified technical capabilities, and wide-ranging customers.

The China and Singapore operations contributed 37% to the Company's 2013 revenues, posting US$277 million, same level as last year's. Improvement in China's telecommunications market in the fourth quarter proved favorable to its assembly operations of communication infrastructure devices.

Operations in Europe and Mexico generated US$235 million in consolidated revenues, or an increase of 28.9% year-over-year, due to the continued expansion of their automotive business.

The Philippine operations recorded US$189 million in revenues, or a 20.9% year-on-year growth, mainly because of increased business in the storage device market following the consolidation of outsourced production of storage technology products from Japan.

PSi Technologies Inc., generated US$43 million revenues, down from the same period last year by 5.5% due to the shutdown of non-profitable businesses.

The Company's automotive electronics business now accounts for 37% of its total revenues from 32% in 2012.

Europe remains to be the biggest market of the company's products, comprising 51% of global sales, followed by America at 30%.

Cost of Goods Sold and Services

Cost of sales is higher by 12% relative to the 13% increase in revenues. Increase is mainly attributable to direct materials from increased revenues of Europe and Mexico entities which are mostly under the turnkey business arrangement. Direct labor also increased from increase of labor-intensive businesses in the Philippines which are under the consignment arrangement.

Gross Profit and Gross Profit Margin

The Company's operations generated gross profit of US$67.9 million, higher year-on-year by 19% which is revenue driven. Gross profit margin higher by 51 bps from better margins of Europe, Philippines, and PSi, however offset by China driven by significant revenue drop and lower capacity utilization.

Operating Expenses

The Company's operating expenses went up by US$6.3 million or 13% due to higher reversal of prior year excess accruals in 2012 and higher general and administrative costs to support growth in line with continuous global expansion. The Group also recorded allowance provisions on certain assets.

Net Income

The company generated US$10.5 million net income, nearly doubled from last year's US$5.6 million. Operating income up by US$4.7 million or 64% driven by Europe entities. Beneficial FX positions contributed +US$1.5M vs. last year due to strengthening of US$/₱ (liability position) and appreciation of RMB/US$ (asset position). Other business income such as rental and gain on sale of assets/materials +US$2.6M and amortization of deferred tax liability upon exercise of call option +US$0.8M also contributed significantly.

EBITDA

EBITDA higher by US$3.7 million or 11% from last year's US$32.8 million due to higher operating income +US$4.7 million and beneficial foreign exchange position +US$1.5M, however, offset by lower depreciation and amortization due to various disposals and end of life assets –US$2.5M.

Financial Condition

The Company maintains financial stability with a cash balance of US$49.0 million as of 31 December 2013. Current ratio and debt-to-equity ratio remains healthy at 1:53:1 and 0.48:1, respectively.

In 2013, the Company's capital expenditures amounted to US$20.8 million (inclusive of equipment under finance lease amounting to US$3.0M) which comprised mainly of warehouse, building improvements, machineries and facilities equipment to sustain continuous plant expansions. For 2014, the Company expects to spend US$22M for capital expenditures. These capital expenditures are to be partially funded by proceeds of the Company's cash from operations and debt. The main components of these expenditures are building extensions and improvements, purchase of equipment for new projects, various machineries restorations and innovation and strategic investments. These will ensure uninterrupted services and meeting demands of the Company's customers.

For the Years Ended 31 December 2012 vs. 2011

Revenues from Sales and Services

The Company recorded US$661.8 million consolidated revenues from sales and services in 2012, a 15% increase from last year's US$575.5 million. The increase can be attributed mainly to the incremental revenues amounting to US$116.0 million (from US$66.2 million to US$182.2 million) resulting from full-year contribution of subsidiaries in Europe and Mexico acquired in July 2011. The Company's operations in China and Singapore posted US$276.7 million in combined revenues for 2012, a slight decline of 1% year-on-year due to delay in transition of new models. The Philippine operations generated US$159.1 million revenues, a 3% increase from 2011 due to strong programs in the automotive, industrial and storage device sectors. PSi contributed US$45.6 million revenues to the Group.

Cost of Goods Sold and Services

The increase in cost of goods sold and services in absolute amount by 13% was driven mainly by higher revenues from existing businesses and revenue contribution of entities acquired in 2011.Increase can be attributed also to material-related costs as a result of increasing turnkey businesses. Under-utilized facilities and lower capacity utilization in some operating sites also caused overhead to increase.

Gross Profit and Gross Profit Margin

Consolidated gross profit, in absolute amount increased by US$15.2 million or 36% driven by the European acquisition, higher revenues of Philippine operations and improvement in the contribution margin of China despite drop in revenues. Gross profit margin went up from 7.3% to 8.6% due to improvement in DM% of Philippines and China turnkey businesses.

Operating Expenses

Operating expenses was reduced by 12% from US$56.3 million in 2011 to US$49.5 million in 2012. This resulted from expenses related to key acquisition incurred in 2011 and reversal of prior year excess provisions in 2012.

Net Income

In spite of very daunting global economic scenario, the Company generally performed better than 2011.The Company generated positive operating income mainly due to the incremental contribution of the European acquisition and better performance of its Philippine and China operations. This resulted to consolidated net income of US$5.6 million in 2012, a 72% improvement against last year's US$3.3 million.

EBITDA

Increase in EBITDA by US$13.2 million was mainly driven by increased operating income by $22.0 million.

Financial Condition

The Company continued to maintain financial stability, ending the year with a positive cash balance of US$56.2 million, an increase of US$2.1 million from last year's US$54.1 million.

The Company's current ratio and debt-to-equity ratio are 1.56:1 and 0.47:1, respectively.

In 2012, the Company's capital expenditures amounted to US$16.8 million (inclusive of equipment under finance lease amounting to US$0.8M) which comprised mainly of machineries and facilities equipment to sustain continuous plant expansions. For 2013, the Company expects to spend $18.1M for capital expenditures. These capital expenditures are to be partially funded by proceeds of the Company's cash from operations and debt. The main components of these expenditures are building improvements for new production facility, purchase of equipment and various machineries restorations and innovations. These will ensure uninterrupted services and meeting demands of the Company's customers.

Prospects for the future

The Company maintains its profitable growth trajectory, driven by increased demand from customers in the telecommunications infrastructure, automotive electronics, and storage device markets. The Company also has a healthy sales pipeline, especially for the automotive segment. IMI's strategic focus over the last decade has begun to bear fruit, as it continues to develop new business models as well as high value-add services that fit the dynamic markets it serves.

Key Performance Indicators of the Company

The table below sets forth the comparative performance indicators of the Company:

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
Performance indicators					
Liquidity:					
Current ratio[a]	1.53x	1.48x	1.53x	1.56x	1.51x
Solvency:					
Debt-to-equity ratio[b]	0.49x	0.51x	0.48x	0.47x	0.43x

	For the seven months ended 31 July		For the years ended 31 December		
	2014	2013	2013	2012 (As restated)	2011 (As restated)
Operating efficiency:	21%	9%	13%	15%	40%
Revenue growth[c]					
Profitability:					

Return on equity[d]	8%	1%	5%	3%	2%
Return on assets[e]	3%	0.3%	2%	1%	1%
EBITDA margin[f]	7%	4%	5%	5%	3%

[a] *Current assets/current liabilities*
[b] *Bank debts/Equity attributable to equity holders of the Parent Company*
[c] *(Current year less previous year revenue)/Previous year revenue*
[d] *Net income attributable to equity holders of the Parent Company/Average equity attributable to Parent Company*
[e] *Net income attributable to equity holders of the Parent Company/Total Assets*
[f] *EBITDA Margin = EBITDA divided by revenues from sales and services where EBITDA represents net operating income after adding depreciation and amortization, cost of share-based payments and foreign exchange gains (losses). EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of the Company's operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.*

In the above:

(i) There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

(ii) There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

(iv) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations.

(v) There were no significant elements of income or loss that did not arise from continuing operations.

(vi) There are no seasonal aspects that may have a material effect on the financial condition of the Company.

Income Statement Items

<u>For the Seven Months Ended 31 July 2014 vs. 31 July 2013</u>

21% growth in Revenues from Sales and Services ($418.7M to $505.8M)

Increase was mainly due to the demand in the telecommunications infrastructure market in China (↑US$41.2 million), robust business in the storage device market in the Philippines (↑US$23.4 million), and increased automotive business in Europe (↑US$23.6 million).

16% increase in Cost of Goods Sold and Services ($384.8M to $447.8M)

The increase in Cost of Goods Sold and Services was relative to the increase in revenues of turnkey businesses resulting to higher direct material costs, increase in labor cost ratio due to expansion of labor-intensive projects and increase in labor rate and increase in fixed overhead costs to cope with the business expansions.

7% increase in Operating Expenses ($31.7M to $33.9M)

The increase can be attributable to increase in people-related costs, inventory provisions, government-related and technology-related costs.

540% increase in net finance and other expense ($717K to -$3.2M)

Increase on non-operating expenses is attributable to foreign exchange losses for the current year (US$1.3M) mainly attributable to appreciation of ₱ against US$ with regard to the Philippine entities net liability FX position. This is contrary to last year's currency fluctuation wherein ₱ was depreciating against US$ and therefore FX gains of US$1.1M were recognized. Provisions and write-off made for available-for-sale investments was also recognized in 2014.

69% increase in provision for income tax ($2.5M to $4.2M)

Increase in current tax due to higher income tax base resulting from higher revenues and better margins. There was also a $0.8M reversal of deferred tax liability in 2013 as a result of exercise of call option.

Balance Sheet Items

For the Seven Months Ended 31 July 2014 vs. the Year Ended 31 December 2013

14% increase in Loans and receivables (US$178.5M to US$203.6M)

Increase is relevant to increase in revenues across major operating sites.

9% increase in Inventories (US$94.1M to US$102.8M)

Increase attributable to growth of turnkey businesses mainly from China and Philippines.

13% decrease in Other current assets (US$16.6M to US$14.5M)

Refund of VAT credits in IMI MX.

12% decrease in Intangible assets (US$4.9M to US$4.3M)

Due to amortization of customer relationship recognized upon acquisition of Europe and Mexico subsidiaries (5-year amortization)

73% decrease in Available-for-sale financial assets (US$1.9M to US$0.5M)

Write-off of investment securities by IMI Singapore.

83% increase in Deferred tax assets (US$0.6M to US$1.2M)

Deferred tax asset recognized for various allowance provisions and unrealized foreign exchange losses.

10% increase in Accounts payable and accrued expenses (US$171.1 to US$187.6M)

Increase attributable to increase in trade and nontrade payables, accrual of benefits, subcontractual costs and accrual of taxes.

The following table sets forth the Company's accrued expenses for the seven months ended 31 July 2014 versus the year ended 31 December 2013:

In US$	**31 July 2014 (Audited)**	**31 December 2013 (Audited)**
Employee Related	7,519,988	10,873,590
Taxes	5,329,846	7,119,042

Subcon Cost Labor	4,259,835	2,558,819
Professional Fees	2,475,360	1,406,671
Light & Water	1,573,186	1,986,827
Sales Return	1,165,486	513,823
Supplies	797,768	923,554
Sales Commission	684,780	638,011
Others	11,040,279	6,763,424
Total Accrued Expenses	**34,846,528**	**32,783,762**

20% increase in Income tax payable (US$1.6M to US$2.0M)

Relevant to increase in tax liability driven by increased revenues and profitability.

10% in Trust receipts and loans payable (US$45.7M to US$50.0M)

Additional short term loans obtained by the Parent Company (+*US*$9M) and STEL (+*US*$2M) to support working capital requirements of subsidiaries, offset by settlement of IMI BG loans (-*US*$5M) and payment of loan to EPIQ NV related to acquisition (-*US*$3M).

31% decrease in Deferred tax liabilities (US$3.1M toUS$2.1M)

Reversal of deferred tax liabilities to recognize deferred tax benefit.

109% decrease in Cumulative translation adjustments (-US$1.4M to -US$3.0M)

Arising from translation of accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. Movement is attributable to appreciation of U.S. Dollar against subsidiaries' local currencies with regard to its net assets.

Income Statement Items

<u>For the Years Ended 31 December 2013 vs. 2012</u>

13% growth in Revenues from Sales and Services (US$661.8M to US$745.0M)

Increase was mainly due to the Company's automotive business expansion in Europe and Mexico (↑US$53.6 million) and the Philippines (↑US$30.1 million) due to increased business in the storage device market.

12% increase in Cost of Goods Sold and Services (US$604.9M to US$677.1M)

The increase in Cost of Goods Sold and Services was relative to the upsurge in revenues of turnkey businesses resulting to higher direct material costs, increase in labor cost ratio due to expansion of labor-intensive projects and increase in fixed overhead costs to cope with the business expansions.

13% increase in Operating Expenses (US$49.5M to US$55.8M)

The increase can be attributable to higher reversal of PY excess accruals in 2012 by US$2M and increased expenses (people costs, government-related costs, higher utilities). Provision for inventory obsolescence, bad debts and idle assets were also recognized for Bulgaria, China and Philippines.

161% increase in net finance and other income (-US$2.6M to US$1.6M)

Foreign exchange +US$1.5M due to strengthening of US$/₱ (liability position) and appreciation of RMB/US$ (asset position). Other income also grew from other business income such as rental and gain on sale of assets/materials +US$2.6M.

14% increase in provision for income tax (US$4.0M to US$4.5M)

Increase in current tax from higher taxable base due to better margins. Increase in deferred tax benefit from reversal of deferred tax liability upon exercise of call option +US$0.8M, however, offset by reversal of deferred tax assets from allowance provisions.

88% increase in net income attributable to equity holders of the Parent Company (US$5.6M toUS$10.5M)

Relative to increase in revenues and improved profitability.

66% decrease in net loss attributable to Noncontrolling Interest (-US$4.7M to -US$1.3 million)

Lower net loss of PSi by 54% as a result of consolidation of facilities coupled by dilution of minority share in PSi (44.22% to 16.75%).

Balance Sheet Items

<u>For the Years Ended 31 December 2013 vs. 2012</u>

13% decrease in Cash and cash equivalents (from US$56.2M to US$49.0M)

Operating activities generated US$15.7 million cash mainly from higher operating income. Cash used for investing activities amounted to US$17.5M mainly attributable to capital expenditures to support growth and expansion. Financing activities used US$5.3M of cash to settle some loans, pay dividends to stockholders and pay separation benefits.

18% increase in Loans and receivables (US$150.9M to US$178.5M)

Relevant to significant growth of revenues from Europe, Mexico and Philippine operations.

13% increase in Inventories (US$83.2M to US$94.1M)

Increase attributable to growth of turnkey businesses particularly in Europe and Mexico. Turnkey: consignment ratio from 89:11 to 91:9.

100% decrease in Derivative assets (US$2.9M to US$-)

Exercise of call option.

124% increase in Other current assets (US$7.4M to US$16.6M)

Represents VAT claims of IMI Mexico.

18% decrease in Intangible assets (US$5.9M to US$4.9M)

Due to amortization of customer relationship recognized upon acquisition of Europe and Mexico subsidiaries (5-year amortization) –US$1.8M, offset by additional computer software acquired during the year +US$0.8M.

40% decrease in Deferred income tax assets (US$1.1M to US$0.6M)

Attributable to allowance for bad debts and inventory obsolescence.

43% increase in Other noncurrent assets (US$1.8M to US$2.6M)

Increase in miscellaneous deposits.

16% increase in Accounts payable and accrued expenses (US$143.4M to US$171.1M)

Increase in trade payables (↑$19M) from IMI Europe and Philippines with reference to increased inventories and longer days payable for PSi. Increase in accrued expenses (↑US$12M) mainly from additional accruals for people-related costs, subcontracting costs, taxes, supplies, utilities and professional fees.

10% increase in Current portion of long-term debt (US$2.6M to US$2.9M)

Appreciation of Euro against US$ resulted to higher U.S. Dollar equivalent (+US$109K) of the €2M current portion of long-term debt to EPIQ NV. IMI CZ also incurred additional long-term debt in 2013 (current portion amounted to $145K).

33% decrease in Deferred tax liabilities (US$4.6M to US$3.1M)

Due mainly to reversal of deferred tax liability upon exercise of the call option and amortization of deferred tax liabilities on increase in fair value of PPE and recognition of intangibles for IMI EU/MX at the time of acquisition.

14% decrease in Deferred revenue (US$2.0M to US$1.7M)

Amortization of deferred revenue of PSi representing advances from customers for facilities support services.

188% increase in Pension liabilities (US$2.3M to US$6.7M)

Increase in actuarial losses recognized in other comprehensive income as a result of increased salary rate assumption.

322% increase in Obligation under finance lease (US$0.7M to US$3.0M)

Additional finance lease contracts related to IMI Europe's machineries and production equipment.

12% decrease in Additional Paid-in Capital (US$58.6M to US$51.3M)

Arising from change in ownership in PSi from 55.78% to 83.25%. Additional investment in PSi amounting equivalent to the value of call option at the time of exercise (US$3.0), cash consideration (US$125,000.00), and dilution of non-controlling interest (US$4.5) was allocated to APIC.

38% increase in Cumulative translation adjustments (-US$2.3M to -US$1.4M)

Arising from translation of accounts of newly acquired entities in Europe and Mexico denominated in their respective local currencies to the Parent Company's functional currency. Movement is attributable to appreciation of subsidiaries' local currencies against US$ with regard to its net assets.

94% increase in Other comprehensive loss (-US$4.6M to -US$9.0M)

Increase in actuarial losses resulting from increased salary rate assumption.

56% increase in Minority interests in a consolidated subsidiary (-US$5.9M to US$-2.6M)

Lower share of minority in the net liabilities of PSi as a result of change in ownership from 55.78% to 83.25%.

Income Statement Items

For the Years Ended 31 December 2012 vs. 2011

15% increase in Revenues from sale of goods and services (US$575.5M to US$661.8M)

Increase was mainly driven by full year revenue contribution of the European acquisition in July 2011 resulting to incremental revenues of US$116.0 million. The Company's Philippine operation contributed additional US$4.9 million or 3% from 2011 due to strong programs in automotive, industrial and storage device sectors.

13% increase in Cost of goods sold and services (US$533.7M to US$604.9M)

Primarily due to increase in turnkey businesses that resulted to higher direct material cost and higher manufacturing overhead due to unutilized capacity of facilities and machineries in some operating sites.

12% decrease in Operating expenses (US$56.3M to US$49.5M)

Higher operating expenses in 2011 can be attributed to expenses incurred related to the acquisition. Decline also resulted from reversals of prior year excess provisions.

112% decrease in Net finance and other income (US$20.5M to US$2.5M loss)

The Company's non-operating income in 2011 includes gain related to the European acquisition (US$13.0 million) and mark-to-market gains from put and call options (US$5.4 million). Foreign exchange gains also decreased by US$4.6 million mainly due to appreciation of ₱ and RMB resulting to higher US$ liabilities.

15% decrease in Provision for income tax (US$4.7M to US$4.0M)

Decrease arise mainly from amortization of deferred tax liabilities recognized in 2011 relating to the increase in fair value of property, plant and equipment and recognition of intangible assets (customer relationships) pertaining to the acquired companies.

133% increase in Noncontrolling interests in net loss (US$2.0M to US$4.6M)

Pertains to the increase in share on net loss of PSi as a result of soft demand in the semiconductor business.

Balance Sheet Items

For the Years Ended 31 December 2012 vs. 2011

13% increase in Loans and receivables (US$133.7M to US$150.9M)

Arose from increase in revenues and trade receivables from the new subsidiaries which implement longer credit terms for their customers.

16% decrease in Other current assets (US$8.9M to US$7.4M)

Increase is mainly due to decrease in tax credits from the subsidiary in Mexico.

10% decrease in Property, plant and equipment – net (US$97.5M to US$88.1M)

Capital expenditures to set-up new production lines for new projects amounted to US$16.8 million. These were offset by depreciation recognized during the year amounting to US$23.3 million, disposals and retirement of assets with a net book value of US$3.8 million. Foreign exchange differences arising from subsidiaries with functional currencies other than US$ amounting to $1.2 million also caused the balance to increase.

20% decrease in Intangible assets – net (US$7.3M to US$5.9M)

Purchased licenses and software amounted to US$0.5 million. Amortization of customer relationships and software amounted to $2.1 million.

288% increase in Available-for-sale financial assets – net (US$0.4M to US$1.6M)

Additional long-term investment of IMI Singapore amounting $1.0 million.

100% decrease in Noncurrent receivables (US$0.2M to US$–)

Collection of receivables from customers for equipment purchased by the Company that are reimbursable from the former.

46% increase in Deferred income tax assets (US$0.7M to US$1.1M)

Recognition of deferred tax asset on additional allowance for inventory obsolescence and doubtful accounts provisions.

19% increase in Other noncurrent assets (US$1.5M to US$1.8M)

Increase pertains to increase in miscellaneous deposits.

13% increase in Trust receipts and notes payable (US$39.0M to US$44.2M)

Availment of loans mostly by the Parent Company for the year amounted to US$37.0 million of which $32.8 million was repaid. Foreign currency fluctuations on Euro loans amounted to US$1.0 million.

13% increase in Income tax payable (US$1.7M to US$1.9M)

Due to higher taxable base as a result of better performance.

100% increase in Current portion of long-term debt (US$– to US$2.6M)

Represents current portion of long-term debt equivalent to EUR2.0 million payable to the previous owner of the acquired European entities.

12% decrease in Deferred revenue (US$2.3M to 2.0M)

Pertains to amortization of cash advances made by a customer of PSi related to a subcontracting service agreement for the facilities support services that will be rendered.

32% decrease in Pension liability (US$3.4M to US$2.3M)

Increase in gains recognized in other comprehensive income (-$1.6M) and decrease due to separation and benefits paid out of company funds (-$1.9M).

15% increase in Obligation under finance lease (US$0.6M to 0.7M)

Represents increase in finance lease obligations from Europe entities related to machineries and production equipment.

62% decrease in Other long-term employee benefits (US$0.2M to US$0.09M)

Decline in other long-term benefits in its PSi subsidiary.

20% increase in Capital stock - common (US$24.9M to US$30.0M) and 80% decrease in Subscribed capital stock (US$6.5M to US$1.3M)

Issuance to EPIQ NV of 200 million shares equivalent to US$4.7 million as part of the purchase consideration in acquiring Europe and Mexico entities. Additional issuances during the year through the Company's Employee Stock Ownership (ESOWN) plan amounted to US$0.3 million equivalent to 17.6 million shares.

7% decrease in Subscriptions receivable (US$11.4M to US$10.4M)

Mainly represents forfeitures of ESOWN and collections of subscriptions, net of accretion of receivables.

33% decrease in Retained earnings appropriated (US$30.7M to US$20.7M)

Due to reversals of appropriations amounting to US$10.0 million for dividend declaration.

21% increase in Retained earnings unappropriated (US$59.7M to US$72.4M)

Increase was caused by reclassification from appropriated to unappropriated of US$10.0 million for dividend declaration and net income attributable to parent company of US$5.4 million. The increase was offset by actual dividend declaration amounting to US$2.7 million.

37% increase in Reserve for fluctuation on available-for-sale financial assets (US$0.14M to US$0.2M)

Represents changes in the fair values of the Company's investments in club shares.

62% increase in Cumulative translation adjustment (-US$6.0M to -US$2.3M)

Exchange differences arising from translation of newly acquired entities to the Company's reporting currency. Increase is attributable to appreciation of US dollar against Euro resulting to lower US dollar long term debt to EPIQ NV and appreciation of currencies of Europe and Mexico entities against US dollar with regard to its net assets.

26% decrease in Other comprehensive loss (-$6.2M to -$4.6M)

Actuarial gains recognized for 2012.

389% decrease in non-controlling interests in consolidated subsidiaries (-US$1.2M to US$-5.9M)

Pertains to the increase in share on net loss of PSi as a result of soft demand in the semiconductor business.

Debt Obligations and Facilities

The Company has short and long-term obligations as follow:

Trust Receipts and Loans Payable

	31 July 2014	31 July 2013	31 December 2013
Parent Company	33,000	24,000	24,000
Psi	9,481	9,458	9,422
IMI BG	-	12,006	6,547
STEL	5,492	2,475	3,501
IMI MX	2,034	1,993	2,183
	50,007	**49,932**	**45,653**

In US$ thousands

Parent Company

The loans have maturities ranging from 30-180 days and fixed interest rates ranging from 1.90% to 2.42% in 2014 and 1.90% to 2.40% in 2013.

PSi

These loans fall under an unsecured Omnibus Line Credit Facility of $10.00 million granted on November 24, 2010. The credit facility includes 30 to 360 days Promissory Notes (maybe denominated in US$ or Philippine Peso (₱)), Letter of Credit (LC)/Trust Receipt Line, Export Packing Credit Line, FX Forward Cover, and Foreign Bills Line and Domestic Bill Purchase Line, subject to interest rates ranging from 2.39% to 2.49% in 2014 and 2.16% to 2.57% in 2013.

IMI BG

The loans from UniCredit Bulbank and BNP Paribas are from existing revolving credit facilities with terms not exceeding one (1) year and bear interest based on 1-month EURIBOR plus 3.00% and 3-month EURIBOR plus 2.50%, respectively.

STEL

The loans of STEL are clean loans from various Singapore banks from existing revolving credit facilities and bear interest rates of 2.38% to 2.55% in 2014 and 2.30% to 2.39% in 2013, and have maturities of 90 to 240 days from the date of issue, with renewal options.

IMI MX

IMI MX has a revolving credit line with Banamex with term not exceeding twelve (12) months and bears interest based on LIBOR plus 2%.

Long-Term Obligations

	31 July 2014	31 July 2013	31 December 2013
Parent Company	46,699	46,641	46,899
Cooperatief	13,731	16,269	16,892
IMI BG	1,184		-
IMI CZ	708	397	812
	62,322	**63,307**	**64,603**
Less current portion:			
Cooperatief	2,680	2,656	2,758
IMI BG	268	-	-
IMI CZ	142	140	145
	3,090	**2,796**	**2,903**
TOTAL	**59,232**	**60,511**	**61,700**

In US$ thousands

Parent Company

In October 2011, the Parent Company obtained a 5-year term clean loan from a local bank amounting to $40.00 million payable in a single balloon payment at the end of the loan term. The Parent Company may, at its option, prepay the loan in part or in full, together with the accrued interest without penalty. Interest on the loan is payable quarterly and re-priced quarterly at the rate of 3-month LIBOR plus margin of 0.80%.

On 29 February 2012, the Parent Company obtained a €5.00 million (US$ 6.90 million), 5-year term clean loan from a local bank payable in a single balloon payment at the end of the loan term. The Parent Company may, at its option, prepay the loan in part or in full, together with the accrued interest without penalty, if made on an interest payment date, subject to certain conditions. Interest is payable semi-annually at the rate of 6-month LIBOR plus 1.50% spread per annum.

Cooperatief

Cooperatief's long-term debt aggregating to €14.25 million ($20.40 million) as at 29 July 2011 relates primarily to the acquisition of EPIQ shares and receivables of EPIQ NV from IMI EU/MX Subsidiaries. Based on the payment schedule in the SPA, this long-term debt will be settled from 2013 to 2018, subject to interest rate of 1.60% plus 1.50%.

As of 31 July 2014, Cooperatief already paid €4.00 million ($5.34 million).

IMI BG

IMI BG has a long-term debt from BNP Paribas that relates to the term loan facility for financing the construction of a new warehouse with a term of 5 years and bears interest based on 3-month EURIBOR plus 2.90%.

IMI CZ

IMI CZ has a long-term debt from Citibank that relates to a term loan facility for the purchase of its new Surface Mount Technology machine. The debt bears interest of 1-month EURIBOR plus 2.70% and matures on 31 July 2019.

Credit Lines

The Group has credit lines with different financing institutions as at 31 July 2014, 31 December 2013 and 31 July 2013, as follows:

31 July 2014

Financial Institutions	**Credit Limit**	**Available Credit Line**
Local:		
US$	40,000,000	10,000,000
₱	860,000,000	860,000,000
Foreign:		
US$	30,965,000	10,438,721
Singapore Dollar (SGD)	30,000,000	29,648,433
EUR	10,000,000	9,116,667

31 July 2013

Financial Institutions	**Credit Limit**	**Available Credit Line**
Local:		
US$	30,000,000	1,000,000
₱	1,060,000,000	1,060,000,000
Foreign:		
US$	23,475,000	15,875,000
Singapore Dollar (SGD)	30,000,000	30,000,000
EUR	12,000,000	2,962,620

31 December 2013

Financial Institutions	**Credit Limit**	**Available Credit Line**
Local:		
US$	30,000,000	1,000,000
₱	860,000,000	860,000,000
Foreign:		
US$	22,295,000	15,790,000
Singapore Dollar (SGD)	20,000,000	16,500,000
EUR	12,839,988	11,409,501

ACCELERATION OF FINANCIAL OBLIGATIONS

There are no known events that could trigger a direct or contingent financial obligation that would have a material effect on the Company's liquidity, financial condition and results of operations.

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this Prospectus, the Company has no material off-balance sheet transactions, arrangements, and obligations. The Company also has no unconsolidated subsidiaries.

INCOME OR LOSSES ARISING OUTSIDE OF CONTINUING OPERATIONS

The Company has no sources of income or loss coming from discontinued operations. All of its Subsidiaries are expected to continue to contribute to the Company's operating performance on an ongoing basis and/or in the future.

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISK

Credit Risk

Credit risk is the risk that the Company's counterparties to its financial assets will fail to discharge their contractual obligations. The Company's major credit risk exposure relates primarily to its holdings of cash and cash equivalents and short-term investments and receivables from customers and other third parties.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's exposure to liquidity risk relates primarily to its short and long-term obligations.

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations with floating interest rates. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt

The Company does not and will not engage in interest rate derivative or swap activity to hedge its exposure to increases in interest rates

Foreign Currency Risk

The Company's foreign exchange risk results primarily from movements of the US$ against other currencies. The Company also has transactional currency exposures arising from sales or purchases denominated in other than the Company's functional currency.

The Company manages its foreign exchange exposure risk by matching, as far as possible, receipts and payments in each individual currency. Foreign currency is converted into the relevant domestic currency as and when the management deems necessary. The unhedged exposure is reviewed and monitored closely on an ongoing basis and management will consider to hedge any material exposure where appropriate.

Commodity Risk

The Company mitigates commodity risk through sales and purchase agreements with various vendors and distributors to ensure availability of materials and maintain competitive prices.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (FOR NINE MONTHS ENDED 30 SEPTEMBER 2014 (UNAUDITED))

The following discussion of the Company's financial results should be read in conjunction with the independent auditors' reports and the Company's unaudited consolidated financial statements and notes thereto contained in the third quarter 2014 SEC Form 17-Q as attached.

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

Results of Operations

In US$ Millions	For nine months ended 30 Sept	
	2014	2013
Revenues from Sales and Services	650.0	547.1
Cost of Goods Sold and Services	577.2	500.6
Gross Profit	72.8	46.5
Net Income Attributable to Equity Holders of the Parent Company	21.0	5.3
EBITDA[2]	46.2	24.7

Revenues from Sales and Services

The Company posted consolidated revenues of US$650.1 million for the nine-month period ended September 30, 2014, a 19% increase from last year's US$547.1 million on the back of the company's communication and automotive businesses, which contributed 70 percent to the total increase.

For the nine-month period of 2014, IMI's China operations generated US$246.3 million revenues, 25% higher than last year's due mainly to volume expansion for main customers in the telecommunications segment. The China operations accounted for 38% in IMI's total revenues. Revenues from the company's Europe and Mexico operations continued to increase with the sustained expansion of the automotive business in IMI's factory in Bulgaria. The combined revenues of IMI operations in Europe and Mexico of US$202.4 million grew by 16% year-over-year. IMI's EMS operations in the Philippines garnered US$166.8 million in revenues, an 18% year-on-year growth due mainly to a strong performance of its storage device business and an upsurge in its automotive electronics business.

IMI's power semiconductor company PSi Technologies Inc. posted US$34.4 million in revenues, surpassing last year's by 4%.

The company's revenues for the third quarter ended September 30, 2014, increased by 11% over the year-ago quarter to US$219.1 million, driven by double-digit growth in telecommunications infrastructure devices and storage device markets as well as the continuous expansion of its automotive business. Europe remains to be the biggest market of the company's products, comprising 48% of global sales, followed by America at 25%.

[2] EBITDA = EBITDA represents net operating income after adding depreciation and amortization, cost of share-based payments and foreign exchange gains/losses. EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of the Company's operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

Cost of Goods Sold and Services

Cost of sales is higher by 15% relative to the 19% increase in revenues. Lower cost ratios from better direct materials and fixed overhead ratios. Higher direct labor ratio due to upsurge in labor–intensive businesses in the Philippines.

Gross Profit and Gross Profit Margin

The Company's operations generated gross profit of US$72.8 million, higher year-on-year by 57% which is revenue driven. GP margin higher by 270 bps from better margins across all sites. The Group's marginal costs decrease, as utilization increases, driven by revenue growth, cost reduction and productivity improvements. The Group's ability to manage utilization of its facilities through consolidation of facilities, cost management and productivity are the primary drivers of its improved profitability.

Operating Expenses

The Company's operating expenses went up by US$3.8 million or 10% mainly due to increase in people-related costs, subcontracting costs, increase in accrual for retirement and reversals of accruals made in 2013.

Net Income

The company generated US$21.0 million net income, 4x of last year's US$5.3 million. Operating income up by US$22.5 million or more than 4x driven by upsurge in revenues and improved profitability across all sites.

EBITDA

EBITDA higher by US$21.5 million or 87% due to higher operating income +US$22.5 million, however, offset by forex impact by US$0.8 million.

Financial Condition

The Company maintains financial stability with a cash balance of US$69.9 million as of 30 September 2014. Current ratio and debt-to-equity ratio remains healthy at 1:54:1 and 0.48:1, respectively.

For the nine-month period of 2014, the Company's capital expenditures amounted to US$17.7 million which comprised mainly of warehouse, building improvements, machineries and facilities equipment to sustain continuous plant expansions. For the full year of 2014, the Company expects to spend $22M for capital expenditures. These capital expenditures are to be partially funded by proceeds of the Company's cash from operations and debt. The main components of these expenditures are building extensions and improvements, purchase of equipment for new projects, various machineries restorations and innovation. These will ensure uninterrupted services and meeting demands of the Company's customers.

Key Performance Indicators of the Company

The table below sets forth the comparative performance indicators of the Company:

Performance indicators	For nine months ended 30 September	
	2014	**2013**
Liquidity:		
Current ratio[a]	1.54x	1.53x
Solvency:		
Debt-to-equity ratio[b]	.48x	.48x
Operating efficiency:		
Revenue growth[c]	19%	10%
Profitability		
Return on equity[d]	10.50%	1.80%
Return on assets[e]	4.00%	1.10%
EBITDA margin[f]	7.10%	4.50%

[a] *Current assets/current liabilities*
[b] *Bank debts/Equity attributable to equity holders of the Parent Company*
[c] *(Current year less previous year revenue)/Previous year revenue*
[d] *Net income attributable to equity holders of the Parent Company/Average equity attributable to Parent Company*
[e] *Net income attributable to equity holders of the Parent Company/Total Assets*
[f] *EBITDA Margin = EBITDA divided by revenues from sales and services where EBITDA represents net operating income after adding depreciation and amortization, cost of share-based payments and foreign exchange gains (losses). EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of the Company's operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.*

In the above:

(i) There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

(ii) There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

(iv) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations.

(v) There were no significant elements of income or loss that did not arise from continuing operations.

(vi) There are no seasonal aspects that may have a material effect on the financial condition of the Company.

Causes for any material changes

(Increase or decrease of 5% or more in the financial statements)

Income Statement Items

<u>For the Nine Months Ended 30 September 2014 vs. 30 September 2013)</u>

19% growth in Revenues from Sales and Services ($547.1M to $650.1M)

Increase was mainly due to the demand in the telecommunications infrastructure market in China (↑US$48.7 million), sustained expansion of Europe business driven by rising demand in automotive electronics (↑US$27.3 million) and robust business in the storage device market in the Philippines (↑US$25.9 million).

15% increase in Cost of Goods Sold and Services ($500.6M to $577.2M)

The increase in Cost of Goods Sold and Services was relative to the upsurge in revenues of turnkey businesses resulting to higher direct material costs, increase in labor cost ratio due to expansion of labor-intensive projects and increase in labor rate and increase in fixed overhead costs to cope with the business expansions.

10% increase in Operating Expenses ($39.9M to $43.7M)

The increase can be attributable to increase in people-related costs, subcontracting costs, increase in accrual for retirement and reversals of accruals made in 2013.

3995% decrease in Other Operating Income ($62K to -$2.4M)

Decrease is attributable to provisions and write-off of available-for-sale financial assets and foreign exchange losses for the current year contrary to last year's currency fluctuation wherein FX gains were recognized.

117% increase in provision for income tax ($2.6M to $5.7M)

Increase in current tax due to higher income tax base resulting from higher revenues and better margins. There was also a $0.8M reversal of deferred tax liability in 2013 as a result of exercise of call option.

Balance Sheet items

<u>For the Nine Months Ended 30 September 2014 vs. the Year Ended 31 December 2013</u>

43% increase in Cash and cash equivalents ($49.0M to $69.9M)

Cash provided by operating activities +$36.2M, cash used in investing -$16.2M, cash from financing mainly from availment of loans net of dividend payments +$1.4M.

7% increase in Loans and receivables ($178.5M to $190.9M)

Increase is relevant to increase in revenues across major operating sites.

7% increase in Inventories ($94.1M $100.6M)

Increase attributable to growth of turnkey businesses mainly from China and Philippines.

18% decrease in Other current assets ($16.6M to $13.7M)

Due to decrease in tax credits.

100% increase in Noncurrent asset held for sale ($0 to $2.6M)

This represents the Singapore building subject of a sale and purchase agreement entered into by STEL.

14% decrease in Intangible assets ($4.9M to $4.2M)

Due to amortization of customer relationship recognized upon acquisition of Europe and Mexico subsidiaries (5-year amortization)

74% decrease in Available-for-sale financial assets ($1.9M to $0.5M)

Write off of investments securities comprising non-cumulative, convertible preferred shares and convertible notes.

9% increase in Accounts payable and accrued expenses ($171.1M to $185.8M)

Increase in accrued payroll and other accrual of benefits and increase in trade payables from China and Philippines due to longer AP days.

The following table sets forth the Company's accrued expenses for the nine months ended 30 September 2014 versus the year ended 31 December 2013:

In US$	**31 December 2013 (Audited)**	**30 September 2014 (Unaudited)**
Employee Related	10,873,590	1,320,411[3]
Taxes	7,119,042	5,351,487
Subcon Cost Labor	2,558,819	4,541,424
Professional Fees	1,406,671	2,588,654
Light & Water	1,986,827	1,808,131
Sales Return	513,823	1,151,056
Supplies	923,554	859,214
Sales Commission	638,011	907,516
Others	6,763,424	8,241,206
Total Accrued Expenses	**32,783,762**	**26,769,100**

14% increase in Trust receipts and loans payable ($45.7M to $51.8M)

Availment of additional $13M loans of IMI Philippines to fund working capital requirements of subsidiaries offset by settlement of BG and MX bank loans.

118% increase in Income tax payable ($1.7M to $3.6M)

Increase in tax liability driven by increased revenues and profitability.

6% decrease in Long-term debt ($61.7M to $58.1M)

Second installment payment of Cooperatief to EPIQ NV of EUR2M related to the European acquisition.

52% decrease in Deferred tax liabilities ($3.1M to $1.5M)

[3] The decrease is a result of reclassification of accrued people-related costs to accrued payroll

Reversals of deferred tax liability on the increase in fair value of PPE and recognized intangibles (customer relationship) related to the European acquisition.

14% decrease in Obligations under finance lease ($3.0M to $2.6M)

Payments of finance lease of IMI BG on its production machinery and equipment.

224% decrease in Cumulative translation adjustments (-$1.4M to -$4.6M)

Arising from translation of management accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. Movement is attributable to appreciation of USD against subsidiaries' local currencies with regard to its net assets.

BUSINESS

The Company is one of the leading global providers and widely recognized experts of electronics manufacturing services ("EMS") and power semiconductor assembly and test services ("SATS") The Company serves original equipment manufacturers ("OEMs") in diversified markets, including those in the automotive, telecommunications infrastructure, industrial, storage device, medical, and consumer electronics industries. The key services the Company provides are design and engineering solutions, advance manufacturing engineering capabilities, new product introduction services, manufacturing solutions, reliability test, failure analysis, and equipment calibration capabilities, test and system development, and support and fulfillment. As of 31 December 2013, the Company had revenues, EBITDA, and net income of US$745.0 million, US$36.0 million, and US$9.2 million, respectively

The Company ranks 21st in the list of top 50 EMS providers in the world as of the July 2014 report of Manufacturing Market Insider, determined based on 2013 EMS-related revenues. It also ranks 8th in the latest list of top 10 EMS providers in the automotive market as of the July 2014 report of New Venture Research Corp., determined based on 2013 EMS-related revenues of various EMS providers.

The Company's plants in China and the Philippines are strategic in reaching the customers in China, Japan, and other parts of Asia, while its facilities in North America and Europe serve OEMs that are implementing an active regional outsourcing strategy as a means to lower total cost of production.

As of 31 July 2014, the Company has total manufacturing space of approximately 223,000 square meters in 14 factory sites with a workforce of over 15,000 employees worldwide. The diagram below shows the location of the Company's various facilities worldwide.

The Company's global presence allows it to provide solutions to OEMs catering to regional and international markets. Given the Company's presence worldwide, it is able to provide its customers access to a number of services and resources through its manufacturing facilities, engineering and design centers, and sales networks in Asia (China, Singapore, Japan, and the Philippines), North America (U.S. and Mexico), and Europe (Bulgaria, Czech Republic, France, and Germany).

The Company also has capabilities to offer customers low-volume/high-mix and high-volume/low mix manufacturing. These flexible capabilities of the Company allow the Company to address its customers' varying demands at various stages of product development and production. Through its facilities across continents, the Company is able to lend its expertise in design and engineering, advanced manufacturing engineering, new product introduction, and design for manufacturability and simultaneous engineering to its customers, making it an effective strategic partner for its customers in creating and introducing innovative products to the market.

The Company, organized and registered under the laws of the Philippines on 8 August 1980, has four subsidiaries, namely: IMI International (Singapore) Pte. Ltd. ("IMI Singapore"), IMI USA, Inc. ("IMI USA"), IMI Japan, Inc. ("IMI Japan"), and PSi Technologies Inc. ("PSi"). IMI Singapore, IMI USA, and IMI Japan are wholly owned subsidiaries while PSi is 83.25% owned. On 21 January 2010, the Company was listed by way of introduction in the PSE. These subsidiaries carry out the business of the Company through various operating entities organized in different jurisdictions.

- IMI Singapore wholly owns STEL and IMI EU/MX (through Monarch Elite and Cooperatief IMI). STEL and IMI EU/MX are both engaged in the procurement of raw materials and supplies, and provides EMS services and power electronics solutions to OEM customers in the automotive, industrial, telecom consumer electronics, computer peripherals, and medical, among others.

- IMI USA, incorporated and is domiciled in California, USA, is at the forefront of technology with regard to precision assembly capabilities including surface mount technology, chip on flex, chip on board and flip chip on flex. It specializes in prototyping low to medium printed circuit board assembly and sub-assembly. It is also engaged in engineering, design for manufacturing technology, advanced manufacturing process development, new product innovations, direct chip attach and small precision assemblies.

- IMI Japan was registered and is domiciled in Japan to serve as IMI's front-end design and product development and sales support center. IMI Japan was established to attract more Japanese OEMs to outsource the product development and manufacturing to IMI.

- PSi is a power semiconductor assembly and test services company serving niche markets in the global power semiconductor market. It provides comprehensive package design, assembly and test services for power semiconductors used in various electronic devices.

See "Subsidiaries" beginning on page 112 of this Prospectus. See also the chart under "Business - Corporate Structure" on page 102 of this Prospectus for an illustration on the various subsidiaries and operating entities of the Company.

On 21 January 2010, the Company was listed by way of introduction in the PSE. The Company is registered with the Philippine Economic Zone Authority ("PEZA") as an exporter of printed circuit board assembly ("PCBA"), flip chip assembly, box build sub-assembly, enclosure system, and provider of electronics product design, research and development, product development outsourcing, and other electronic parts, among others. It is also engaged in the business of providing test development and systems integration services and distributing related products and equipment and related services. These PEZA registrations entitle the Company to a four-year income tax holiday ("ITH") and an option to apply for ITH extension for a maximum of three years subject to various PEZA requirements. As of 31 July 2014, there are four project activities with ITH entitlement which will expire in 2017. Under its PEZA registrations, the Parent Company's projects and activities are subject to certain requirements and are entitled to certain incentives, which include, but are not limited to, ITH and tax and duty free importation of inventories and capital equipment. Upon expiration of the ITH on these projects and activities, the Parent Company will be subject to a 5% final tax on gross income earned after certain allowable deductions provided under Republic Act (R.A.) No. 7916 (otherwise known as the "Special Economic Zone Act of 1995"), in lieu of payment of national and local taxes.

COMPETITIVE STRENGTHS

1. *Strong position in the EMS industry*

Through strong customer focus and collaboration efforts, the Company has created a trusted brand in the EMS field. This has resulted in the Company to consistently rank among the top EMS providers in the world, with its current ranking being 21st per the latest top 50 list of *Manufacturing Market Insider* based on 2013 EMS-related revenues.

The Company has broadened its footprint from having only Philippines-based manufacturing sites in 2004, to having multiple sites spread out in the Philippines, China, Mexico, the USA, Bulgaria, and the Czech Republic. These sites provide solutions to OEMs catering for both regional and international markets. The variety of IMI's locations has generated diversity in markets, capabilities, and technologies to service the needs of a wider client base.

The Company, not being complacent with its position in the industry, continues to create new services and improve existing capabilities and technologies. It strives for customer loyalty by creating relationships and obtaining management with in-depth knowledge and understanding of the needs, preferences, and constraints of each of its customers.

2. *Proven superior technical expertise, competence, and resources to continue to deliver quality solutions and products to customers*

With more than 30 years of experience in the industry, the Company is today a widely recognized expert in providing comprehensive manufacturing services and higher value solutions to its customers. The Company believes that its extensive industry experience in full service manufacturing has equipped it and its management with in-depth knowledge and understanding of the needs, preferences and constraints of its customers.

Exceptionally low DPPM rate demonstrates superior quality processes and products

Focused in delivering superior manufacturing services to its customers, the Company's expertise and commitment to quality in terms of product, process, and methods are proven. For instance, in the automotive industry, where a single digit defective parts per million (DPPM) rate is required, IMI has consistently met or exceeded rigorous standards for automotive manufacturing. The Company's ability to control the quality of its products and production process as a result of careful planning, design, and execution, enables it to translate this to reduced process cycle time or costly variations, and higher customer satisfaction and increased profits.

High quality, high reliability production process and facilities

The Company attributes its ability to deliver and exceed quality expectations from its customers to the its quality manufacturing process, which is characterized by strict process control, robust engineering systems and concentration to quality assurance. The Company provides appropriate controls to ensure that quality is maintained and continuously improved through its Corporate Quality and Reliability Division which is tasked to thoroughly examine and test the product and production processes prior to the commencement of and during production, and not only at the end of the production process, to effectively prevent or, where necessary, uncover defects even before the product is manufactured or packaged for delivery and ensures that time and resources are not wasted in the creation of defective products.

All the facilities of the Company are ISO9001:2000 certified in accordance with international quality standards. It also complies with ISO/TS 16949 quality management system for automotive products, and ISO 13485 quality management system for medical products. The Company also has an ISO 17025-accredited Quality Technical Support (QTS) laboratory capable of detecting RoHS hazardous substances (such as lead). Since the start of its operations, the Company has received several awards, including the country's first ISO 9000 certificate from the Bureau of Product Standards for its world-class quality system in 1992, the

Operations Management Award from the World Executive Digest for being a world-class manufacturing company using state-of-the-art technology to produce integrated circuits of the highest quality in 1991, the Golden Shell Award for Manufacturing Excellence from the Department of Trade and Industry for its outstanding quality of its manufacturing operations in 1996, the ISO 14001 Environmental Management System certification in 2000, the Philippine Quality Award (PQA) for Mastery in Quality Management, the highest distinction given to a company in the Philippines for quality system excellence, in 2001, the Circuits Assembly's Service Excellence Awards, specifically for Manufacturing Quality and Dependability/Timely Delivery for medium-sized electronic manufacturing services company category in 2006, the Circuits Assembly's Service Excellence Award for Highest Overall Customer Ranking for medium-sized electronic manufacturing services company category in 2007, and a Gold Award in the Institute of Corporate Directors (ICD) Top Corporations in Corporate Governance. Further, IMI has been recognized as preferred supplier of many OEMs, including Robert Bosch GmbH (Bosch), a leading OEM parts supplier in the automotive market. IMI has maintained its preferred supplier status with Bosch due to IMI's superior competence and performance for five consecutive years since 2010.

Excellent management and team of expert personnel

The Company's senior management team is composed of long-tenured industry veterans with an average of 20 years of relevant experience in their respective fields. The senior management team is supported by a team of highly experienced general managers capable of leading day-to-day operations and executing business decisions. Most importantly, the Company leverages on its more than 2,000 engineers and technicians and 125 focused design and development engineers to develop solutions for its customers. Customers who come face-to-face with the Company's personnel are assured that they are experts in their respective fields who are able to provide sound recommendations and results.

3. ***Ability to provide customized solutions and comprehensive range of capabilities that allow for better flexibility, options and convenience to the customer***

The Company works directly with its customers to co-develop technologically advanced products, taking into account the customers' respective objectives, priorities, systems, constraints and requirements. It is involved from the earliest lifecycle of the client engagement to define the right solution for the customer. The Company delivers the right people who are trained and guided by the right leadership and enabled by the right technology to make a meaningful impact on the customers' businesses. This product co-development and design for manufacturability capabilities has generated customer loyalty and repeat business.

To continuously provide its customers with customized solutions, the Company consistently develops and equips itself and its teams with constant research, study, exposure and training to supplement and enhance the Company's in-depth knowledge of the industry and that of its customers' and of new innovations and emerging technologies. Its various teams are currently involved in different research and development areas in the fields of design and development, advanced manufacturing engineering, and test and systems development for various products and components.

The Design and Development (D&D) Team has significantly enhanced competencies in electronic and mechanical design, and software development while also actively engaging in the development of platforms for the next generation projects. For example, the motor drive platform achieves high quality and reliability; the automotive camera platform offers excellent thermal management properties and optical performance; and the power modules utilize proprietary processes to achieve excellent thermal performance.

The Company has designed and built automated assembly machines incorporating a variety of new technologies including:

- Robotics
- 3D-machine vision systems
- Precision pressfit technology
- Laser marking system

One example of a partially automated production line is a rotary assembly machine, combining eight different production steps into a single, compact footprint. Through various steps, including optical and fuctional tests with laser precision, the rotary assembly machine ultimately separates the substandard parts from those that passed quality standards. This requires zero manual handling and adds a high-resolution 3D inspection process. Automation strongly supports the zero-defect program implemented by IMI China by improving quality and repeatability at critical process steps.

Another example is dual-robot handler in the plastic injection molding line in IMI Mexico that performs precision based steps with high accuracy that, without automation, would not have been possible to attain the tight tolerance in the insertion process, the high repeatability in the cycle time, and the high up-time of the injection machine.

The Advanced Manufacturing Engineering (AME) group in IMI USA (Tustin, California) continues to offer a unique variety of engineering services, drawing from its long history of leading the industry in fine precision-assembly technologies. AME collaborates with D&D on a low cost automotive camera using Himax and flip chip technologies, and also works with D&D Europe on the power module platform.

With an extensive understanding of the market, the Company also provides end-to-end services to its customers ranging from simple assembly functions to complex box build services, from design and development, product reliability testing, materials management, logistics solutions and support services. This comprehensive range of capabilities grants greater flexibility and provides focused options for the customers. Its range of capabilities has also enabled the Company to develop a wide skill set and less reliance on a particular service capability. With its end-to-end services, the Company believes that it has become a "one stop shop", able to cater to the various requirements of its customers. By offering a wide array of services, the Company provides its customers with further convenience as they would no longer have to select multiple providers for products, thus enhancing the value that the Company can offer to customers.

4. ***Ability to cater to diverse industries and markets with strong exposure to high growth markets such as for the automotive, industrial and medical segments***

The Company's customers come from a diverse range of industries, including automotive, industrial, telecommunications infrastructure, computing and medical. The table below illustrates the breakdown of the Company's revenues by industry:

Industry	As of July 2014 (7 months)	2013	2012	2011	2010
Automotive	38%	37%	31%	19%	9%
Industrial	14%	15%	17%	18%	20%
Telecom	20%	18%	19%	19%	27%
Consumer	12%	14%	16%	20%	22%
Computer peripherals	6%	5%	3%	6%	9%
Medical	3%	3%	5%	4%	6%
Multiple markets/ Others	7%	8%	9%	14%	7%

Since 2010, the Company has achieved its goals of diversifying its revenue base and was able to shift the focus of production to higher margin products such as that for the automotive, industrial and medical segments. The worldwide CAGR for automotive electronics at 7.3% is expected to reach US$314 billion by 2020, driven in largely by government and automaker safety initiatives. A vital engine for market growth is the effort among automakers to add ADAS, mechanisms that enhance car safety. Based on the 2013 Report of *Strategy Analytics*, the CAGR of ADAS is at 18% from US$6 billion in 2013 to US$18.8 billion in 2020.

Similarly, the industrial electronics market is anticipated to reach US$321 billion by 2018. According to Research & Markets 2014 Report and the medical electronics market will likely hit US$372.4 billion in the same year.

By focusing on the production of components for the automotive, industrial and medical segments where a high level of performance and stringent certification process is required, the Company is able to mitigate risks of competition. New entrants that focus primarily on price likely face significant barriers to entry. Once contracted, the Company is able to maintain a longer relationship with these customers and negotiate for better pricing.

5. *Broad reach from a global manufacturing footprint*

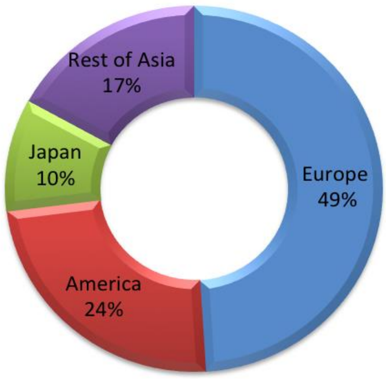
The Company has a global operations and management team operating in and from 14 manufacturing plants and six engineering facilities spread across seven countries around the world. Through these facilities, the Company is able to share manufacturing best practices and engineering and industry experts across its various operations and take advantage of currently strategically low cost manufacturing sites such as those in China, Mexico, and Bulgaria.

The Company's global operations also allow it to leverage on a superior supply chain management and manufacturing expertise to meet the needs of large global customers and from various locations. The Company's size, stability and geographical reach allow it to attract global OEMs that look for stable partners that can service them in different countries. This is evidenced by an increasing number of global contracts that the Company has been able to secure and develop, with multiple sites serving single customers. The Company's global footprint also allows it to take advantage of future growth in the countries and regions where its manufacturing and engineering facilities are located, such as the development of the automotive and telecommunications infrastructure businesses in China and the expected growth from the U.S. recovery which would benefit Mexico.

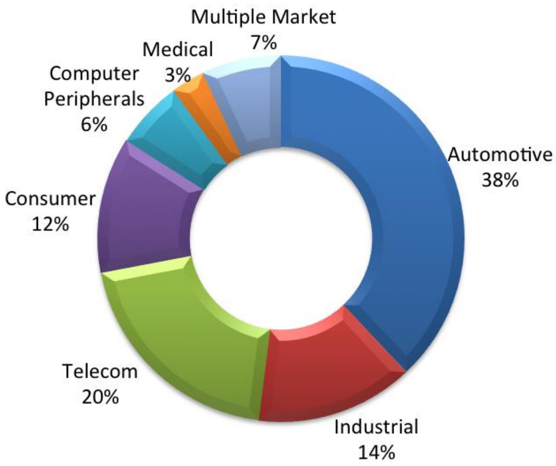
By operating in and from various facilities and offices in Asia, Europe, and North America, the Company is able to take steps to vertically integrate its operations for efficiency and better coordination. The Company has implemented lean manufacturing initiatives across its global facilities and has focused on eliminating waste and decreasing inefficiency through the development of robust processes. The Company has also been focusing on inventory management and better utilization of materials and employs a tracking system to reduce errors and spot variations in the manufacturing process. Aside from operating and production efficiencies, vertical integration has allowed the Company to realize cost savings and faster turnaround and delivery times through better control and management of its entire supply chain. With lean manufacturing, the Company is able to minimize the volume of inventory that it keeps, decreasing warehousing and storage costs, risk of obsolescence, as well as improving productivity and increasing throughput and value add per person in the manufacturing process. Furthermore, with its vertical integration initiative, the Company ensures the quality of its products from initial design to full scale production and after sales support. The Company plans to continue pursuing this vertical integration initiative and aims to enhance its supply chain management capabilities, leading to greater efficiency and reduced operating costs.

Below are graphs illustrating the distribution of revenue by customer nationality and by market segment for the 7 months ended 31 July 2014. Revenues contributed by foreign sales amount to at least 90% of the total revenue of the Company, as shown in the chart below.

By Customer Nationality:



By Industry:



The revenue breakdown by customer nationality for each of the last three years is shown below:

Revenue Contribution by Customer Nationality (as a % to Total Revenues)					
	For the year ended December 31			For the period ended June 30	
	2011	2012	2013	2013	2014
European	50%	50%	51%	52%	49%
American	24%	31%	30%	30%	24%
Japanese	13%	9%	9%	9%	10%
Rest of Asia/Others	13%	10%	10%	9%	17%

6. Ability to execute and integrate strategic acquisitions in order to expand into new markets

The Company has shown historic success in integrating acquisitions into its global network. Its acquisitions of EPIQ NV's Bulgaria, Mexico, and Czech operations were substantial in increasing the Company's segment net sales to US$278.3 million in 2013 from US$36.6 million in 2010. The Company continues to identify opportunities and parlay its flexible expertise into more productive enterprises to enhance margins and maximize the expected growth revenue of the EMS industry.

Furthermore, the Company's complex manufacturing capabilities allow for the penetration of highly related industries that are difficult to enter, such as the automotive market and the medical industry, which booked 38% of the Company's total revenues as at the seven-month period ended July 31, 2014 a substantial increase from a revenue share of 19% in 2011. This historic success enables the Company to explore other segments, increase its efficiency, and improve its profit margins.

To further enhance revenues from the automotive segment, the Company has made significant advancements in the automotive optics business, producing high quality and efficient products, which it intends to use as leverage across the broader optics market in the future.

Key Strategies

To be a leading global electronics solutions provider, the Company shall pursue the following key strategies:

Focus on high-margin, non-traditional industry segments with high quality requirements, customization

To capture a wider market, the Company shall continue to focus more on high-margin, non-traditional industry segments with long product cycles and high value-add engineering and quality requirements particularly for the following sectors: automotive, industrial, medical and telecommunications infrastructure (which is required to support growth of broadband and data). These four industry segments currently comprise approximately 75% of the Company's total revenues. By targeting industry segments that have high quality requirements such as these, the Company would have a more captured market given the high barriers to entry that these types of industries would typically have, thereby reducing or otherwise eliminating risks of immediate competition from new entrants.

As of the date of this Prospectus, the Company services more than six industry segments, with the automotive segment being the largest in terms of revenue contribution at 38% for the seven-month period ending July 2014.

The expected worldwide CAGR for automotive electronics at 7.3% reaching US$314 billion by 2020, driven in large part by government and automaker safety initiatives, is also anticipated to benefit the Company. A vital engine for market growth is the effort among automakers to add ADAS, mechanisms that enhance car safety, which are a key selling point. Based on the 2013 report of *Strategy Analytics*, the CAGR of ADAS is at 18% from US$6 billion in 2013 to US$18.8 billion in 2020. Similarly, the industrial electronics market is anticipated to reach US$321 billion by 2018 according to *ReportsnReports* (RnR) Market Research 2013 Report. The medical electronics market is also projected to hit US$372.4 billion in the same year according to *ReportLinker* in late 2013. Medical Imaging systems is forecasted to be the fastest growing application with a compounded annual growth rate of 16.9% by 2018 according to the RnR Market Research 2014 Report.

The Company's plans to focus more on high-margin, non-traditional industry segments includes considering exploring aerospace opportunities where similar to automotive, a high degree of quality and reliability is a key competitive advantage.

Coupled with its thrust to focus on non-traditional industry segments, the Company is positioned to actively pursue customer engagements that require design and development for manufacturability solutions, leveraging on the Company's broad suite of design, engineering, and testing capabilities for standard and complex applications and its highly experienced leadership and team of technical experts. Approximately 16% of IMI's global workforce are engineers and technicians, 125 of whom are focused on design and development (70), advance manufacturing engineering (25), and test and systems applications (30). With this complement, the Company is confident of being able to offer more of its high-value add services and promote new product innovations to be co-developed with its existing and new customers. The Company's vertical integration initiatives likewise support this strategy in order to increase its higher value box (sub-system) build or complete product assembly business, leading to enhanced value creation (i.e. pursue engineered plastics/metals, automated back end, and other adjacent industries) and shift production away from commoditized PCB assemblies.

The Company's shift away from commoditized production and towards higher-value customized assembly is apparent in the increasing contribution of automotive, industrial and medical related assemblies, which, as a group accounted for 55% of revenues in 2013, significantly up from 34% of revenues in 2012

Provide global scale for global customers

The Company continues to grow its partnership with a diverse based of stable, blue-chip global OEMs. These partnerships enable more reliable growth and stability of customer base as evidence by an average tenure of 12 years of its key customer base. It pursues these global customers by leveraging on its technical strengths, preferred single-supplier status of some key customers, and global manufacturing presence in Europe, North America, and Asia that allows the Company to serve regional manufacturing needs of these global customers. The Company also intends to continue maintaining its global manufacturing and sales operations in key countries. As these global OEMs expand, the Company expects that they will require a supplier with global presence which the Company is positioned to take advantage of.

Continue to employ lean manufacturing and best practices to boost efficiency and lower costs

The Company shall continue to drive operational excellence by evaluating rationalization of facilities with low profitability and by adopting LEAN manufacturing. This strategy shall allow the Company to reduce costs through tighter inventory management and less overhead costs. LEAN manufacturing shall also provide the Company with flexibility to adjust its operations and production in line with a customer's supply and quality requirements.

Furthermore, the Company shall employ best practices and strengthen the organization and leadership by tapping highly qualified and experienced personnel from the Company's global locations, thereby maximizing its human capital resources. Together with its lean manufacturing, the Company hopes to realize production efficiencies, faster turnaround and delivery times, and lower production costs.

Enhance supply chain management capabilities

The Company will continue to strengthen and enhance its supply chain management capabilities through its global scale of operations which it believes will enable it to achieve greater bargaining power with suppliers and enable it to negotiate for lower costs and better quality of raw materials.

IMI's turnkey capabilities involve major commodities for direct/indirect materials: passive/active/ mechanical/electro-mechanical components, existing vendor base for over 36,000 line items, and Global sourcing in Asia, US and Europe of over 200 major and strategic suppliers from over 2,000 suppliers listed in our database. IMI is not or is not expected to be dependent upon one supplier for raw materials or other items. IMI also has Vendor Partnership Programs to leverage for the most competitive cost and engaged the supply base on vendor qualification, certification and development.

With regard to inbound and outbound logistics, IMI are partners with the best in the industry. The major lines inbound are Singapore, Japan, Hong Kong, Taiwan, Malaysia, Thailand, Germany, and the U.S.. Major lines outbound are U.S., Germany, Malaysia, Hong Kong, Israel, Switzerland, Vietnam, UK, Japan, Singapore, and France.

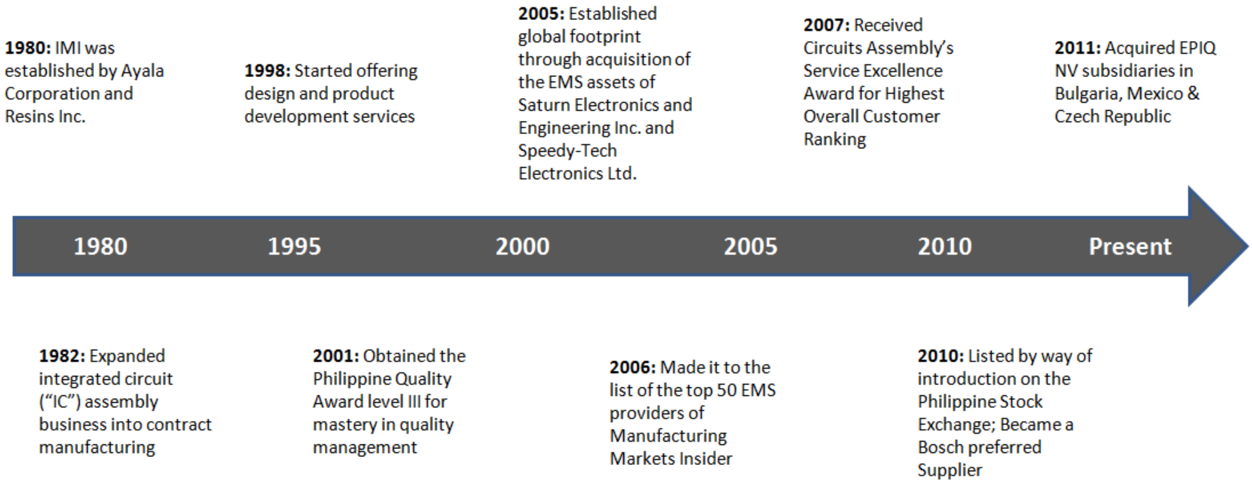
IMI's warehousing capabilities include housing all direct and indirect materials, management of internal as well as third party logistics provider, satellite warehouses in other IMI plants and under the mySAP™ ERP System. Its mission is to offer strategic and competitive Supply Chain Management for complete order fulfilment of its Customers.

Strengthen organization to reinforce ability to venture into new growth areas, build lasting customer relationships

The Company will continue to strengthen its organization, whether in its leadership, expert personnel and general workforce, through the provision of adequate support and rewards systems for career and personnel advancement, the provision appropriate mentoring structures, exposure to new technological trends, and participation in research and development programs. This will enable the Company to promptly act on opportunities presented by customers, as well as those that require it to develop and/or acquire strategic businesses and venture into new growth areas in order to maintain its profitable growth trajectory despite the changing markets. Some of the new growth areas that the Company is considering include laboratory services, automated back-end system integration, component trading, water control and other equipment, mechatronics, micro-electro-mechanical systems, and glass substrates.

Furthermore, the Company believes that its ability to build lasting customer relationships is primordial to its existence. Thus, it continues to encourage and develop a quality-driven and service-oriented culture for its management and employees, focused on delivering customer satisfaction.

HISTORY



The Company was incorporated and registered with the SEC on 8 August 1980 principally to engage in the production and manufacture of any and all types of electronic products and provide services related thereto, with Ayala Corporation (50%), Resins, Inc. (30%), and Mr. Arturo Carlos (20%), as shareholders. To the extent permitted by law, the Company was authorized to, directly or indirectly, through subsidiaries, affiliate organizations, or correspondent enterprises, engage in more specific activities related to the aforementioned principal purpose, such as, but not limited to, the procurement or manufacture of machines and equipment, the appointment of professionals and skilled technicians, and the conduct of studies, tests, and investigations.

Soon after its incorporation, the Company registered its operations with the Board of Investments and, later, with PEZA as an exporter of printed circuit board assembly, flip chip assembly, box build sub-assembly, enclosure system, and provider of electronics product design, research and development, and product development outsourcing and other electronic parts, among others.

The Company started with 100 employees as an electronics manufacturing company engaged in the assembly of integrated circuits. In 1982, it took on contract manufacturing with its hard disk drive sub-assembly operations, and, in 1986, it started the assembly of automotive hybrid integrated circuits. Around this time, Ayala Corporation increased its stake to 80%, with the remaining interest continuing to be held by Resins, Inc. and Mr. Arturo Carlos.

In 1988,the Company ventured into custom printed circuit board assembly operations and, within the next four years, offered standard printed circuit board assembly services with the acquisition of automated surface mounting equipment, and, eventually, full product assembly and flexible printed circuit board assembly operations.

The Company moved its manufacturing base in 1995 from Cupang, Muntinlupa to its present location at the Laguna Technopark.

In 1998, the Company commenced offering hardware and software design services, transitioning itself to a total electronics manufacturing services provider.

The seed of a vision for global expansion was mapped out in 2003. The journey inaugurated with the creation of its first overseas sales office in Germany.

In 2005, the Company acquired the electronics manufacturing services assets of Saturn Electronics and Engineering Inc. of the United States, as well as Speedy-Tech Electronics Ltd. of Singapore. The acquisition of the Singapore company led to the establishment of the Company's presence in China, through facilities in Shenzhen and Jiaxing.

By 2006, the Company became one of the top 50 EMS companies in the world.

On 21 January 2010, the Company was listed by way of introduction in the PSE. On the same year, it established IMI Energy Solutions, its foray into the renewable energy field, and acquired PSi Technologies Inc., a power semiconductor assembly and test service provider.

As part of the Company's globalization efforts to bring its services closer to OEMs in different regions of the world, the Company acquired EPIQ NV subsidiaries in Bulgaria, the Czech Republic, and Mexico in 2011.

Since its operations, the Company received several awards, including the Philippines' first ISO 9000 certificate from the Bureau of Product Standards for its world-class quality system in 1992, the Operations Management Award from the World Executive Digest for being a world-class manufacturing company using state-of-the-art technology to produce integrated circuits of the highest quality in 1991, the Golden Shell Award for Manufacturing Excellence from the Department of Trade and Industry for its outstanding quality of its manufacturing operations in 1996, the ISO 14001 Environmental Management System certification in 2000, the Philippine Quality Award (PQA) for Mastery in Quality Management, the highest distinction given to a company in the Philippines for quality system excellence, in 2001, the Circuits Assembly's Service Excellence Awards, specifically for Manufacturing Quality and Dependability/Timely Delivery for medium-sized electronic manufacturing services company category in 2006, the Circuits Assembly's Service Excellence Award for Highest Overall Customer Ranking for medium-sized electronic manufacturing services company category in 2007, and a Gold Award in the Institute of Corporate Directors (ICD) Top Corporations in Corporate Governance and a Supplier Award in the EMS category from Robert Bosch GmbH (Bosch) in 2011.

The ASEAN Business Advisory Council, established by the Association of Southeast Asian Nations Heads of State to promote public-private sector partnership with a view of achieving regional economic integration, hailed the Company as one of the 12 most admired companies in Southeast Asia. The PQA is the local equivalent of the Malcom Baldrige National Quality Award of the U.S. The Circuits Assembly is a U.S.-based electronics industry trade publication that recognizes companies which received the highest customer service ratings, as judged by their own customers. Bosch, which celebrated its 125th anniversary that same year, honored 60 suppliers from 14 countries.

To date, the Company, with its Subsidiaries, is now one of the leading global electronics manufacturing services providers to key original equipment manufacturers. It has multiple sites spread out in Asia, North America, and Europe, providing solutions to OEMs catering for both regional and international markets. The variety of the Company's locations has generated diversity in markets and operations to service the needs of a wider client base and also to shield the company from unexpected market downturns.

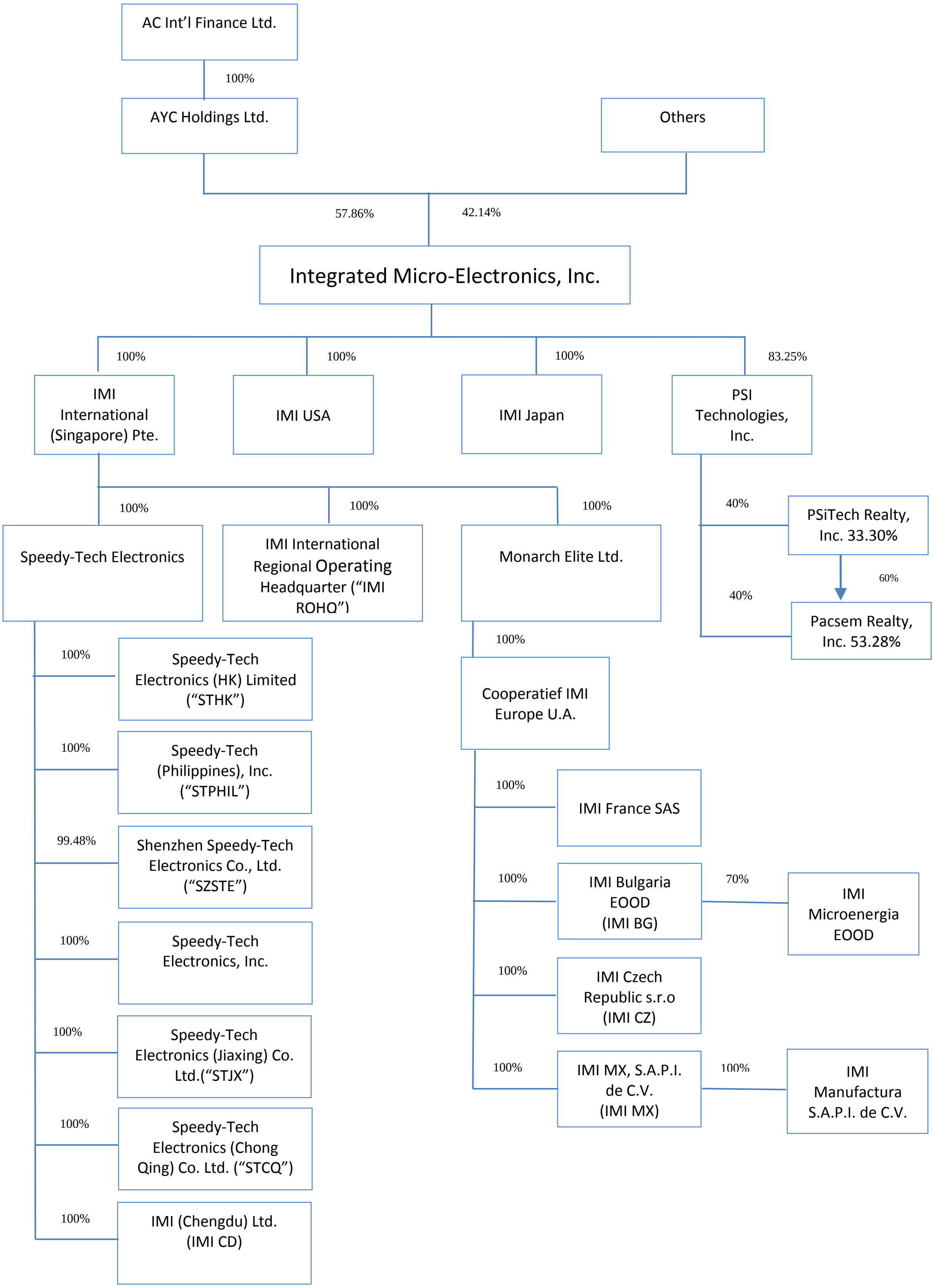
The Company's global operations recorded US$745 million in revenues in 2013, up 13% from 2012. It currently ranks 21ston the latest list of top 50 EMS providers in the world of Manufacturing Market Insider, a U.S.-based EMS trade publication. The list is based on 2013 EMS-related revenues of companies engaged in EMS operations.

The Company posted US$431 million in consolidated revenues for the first two consecutive quarters ending 30 June 2014, a 23% increase from US$350.5 million for the same period in 2013. The corresponding first-half net income of US$11.3 million is more than five times the first-half of the previous year's profit of US$2.1 million.

See also discussion under "Subsidiaries" beginning on page 112 of this Prospectus.

CORPORATE STRUCTURE

The following chart illustrates the Company's material shareholders and Subsidiaries as of the date of this Prospectus. For a detailed breakdown of the Subsidiaries, see discussion under "Subsidiaries" beginning on page 112 of this Prospectus.



LIQUIDITY MANAGEMENT

The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Company also maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. To cover financing requirements, the Company intends to use internally-generated funds and loan facilities with local and foreign banks. Surplus funds are placed with reputable banks.

CREDIT AND COLLECTION

Credit risk management involves dealing with institutions for which credit limits have been established. The Company trades only with recognized creditworthy third parties and has a well-defined credit policy and established credit procedures. The Company extends credit to its customers consistent with sound credit practices and industry standards. The Company deals only with reputable, competent and reliable customers who pass its credit evaluation and standards. The credit evaluation reflects the customer's overall credit strength based on key financial and credit characteristics such as financial stability, operations, focus market and trade references. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

MARKETING AND SALES

The Company's strategic marketing functions are carried out by the Strategic Planning and Marketing Group. This group manages the formulation of the Company's Strategic Plan, engages in market research, provides data and information to program managers for the formulation of business plans, and handles marketing communications and press relations.

Sales functions are carried out by the Sales Division.

SUPPLIERS

The Company's suppliers are situated globally and are managed by the Supply Chain Management Division. The Company's top 10 suppliers in 2013, composed of Avnet-Asia, EBV Elektronik, SMT Microsystems, Arrow Electronics, Melexis BG, Future Electronics, KCE, Nichia, Serial Microsystems, and Avnet-Silica, accounted for 22.8% of purchases. Purchases from suppliers generally comprise of raw materials processed by our facilities. The Company strives to manage the quality of the products supplied to ensure strict adherence to quality standards and only purchase from suppliers whose product meet all applicable health and safety standards.

CUSTOMERS

The Company's customers include OEMs in varied industries that include automotive, industrial, medical, computing or storage device, telecommunications infrastructure, and consumer electronics. IMI's global manufacturing operations allow it to provide solutions to OEMs catering for regional and international markets.

The following chart shows the Company's revenue contribution by customer nationality.

Revenue Contribution by Customer Nationality (as a % to Total Revenues)					
	For the year ended December 31			For the period ended July 31	
	2011	2012	2013	2013	2014
European	49%	50%	51%	51%	49%
American	24%	31%	30%	31%	24%

Japanese	13%	9%	9%	9%	10%
Rest of Asia/Others	13%	10%	10%	9%	17%

IMI is a preferred supplier to leading OEMs. For example, it has maintained with Robert Bosch GmbH its preferred supplier status in the EMS category due to IMI's "superior competence and performance". IMI has received this recognition for the 5th consecutive year this year. Bosch is a leading global supplier of technology and devices in the areas of automotive, industrial, and consumer electronics. IMI is a supplier to Bosch for more than a decade in diversified markets, which include automotive, industrial, and consumer electronic products.

COMPETITION

The rapid rise of mobile data and communication platforms has led to significant changes in requirements for connectivity. This has led to an unprecedented surge in demand for electronics and has intensified the competitive landscape for global electronics manufacturing services. Total EMS industry revenues are projected to reach US$373 billion in 2018 from US$273 billion in 2013 with a CAGR of 6.4%.

The Company competes worldwide, with presence in Asia (including China, Japan, and the Philippines), Europe, and North America. The Company focuses on total solution strategy (service, quality, technology, and cost competitiveness) to win and retain its customers.

The Company has been able to capture a sizeable portion of the EMS market. The Company ranks 21st in the latest list of top 50 EMS providers in the world of Manufacturing Market Insider, a US-based EMS industry trade publication, trailing the top five: Foxconn, Pegatron Corp., Flextronics, Jabil, and New Kippo Group. The list is based on 2013 EMS-related revenues of EMS industry players, excluding revenues derived from power semiconductor assembly and test services by IMI subsidiary PSi Technologies, Inc. The Company believes it can compete with other companies in its areas of competition due to (a) its strong position in the EMS industry, (b) its proven superior technical expertise, competence, and resources to continue to deliver quality solutions and products to customers, (c) its ability to provide customized solutions and comprehensive range of capabilities that allow for better flexibility, options and convenience to the customer, (d) its ability to cater to diverse industries and markets with strong exposure to high growth markets such as for the automotive, industrial and medical segments, (e) its broad reach from a global manufacturing footprint, and (f) its ability to execute and integrate strategic acquisitions in order to expand into new markets.

The Company continues to grow its revenues and remains profitable. IMI recorded one of the highest revenue growth rates at 13% from 2012 to 2013.

In the automotive segment which is the Company's key growth area, it was the second-fastest growing EMS provider from 2012 to 2013 at 34% as reported by "The Worldwide Electronics Manufacturing Services Market, 2014 edition" of New Venture Research Corp. The Company ranked 8th in the latest list of top 10 EMS providers in the automotive market as of the July 2014 report of New Venture Research Corp., determined based on 2013 EMS-related revenues of various EMS providers.

IMI's Design and Development division focuses its efforts on advancing technologies in safety and convenience-related applications of the automotive industry such as camera electronics, steering wheel control, environmental control, and motor drive modules. These are some of the key drivers of the growth of electronic content in the industry. As the electronic content of automotive industry increases, IMI is well positioned to capture more opportunities with automotive OEMs, applying its wide-ranging expertise from design and product development to test development to manufacturing derived from years of experience in the automotive market.

The division also continues to invest in its core expertise initiated years ago, which covers lighting, power modules, human-machine interface, and short-range wireless and sensing technologies, which have key positioning, temperature, pressure, and photo and video applications.

PROPERTY AND EQUIPMENT

IMI has production facilities in the Philippines (Laguna, Cavite and Taguig), China (Shenzhen, Jiaxing, and Chengdu), Singapore, Bulgaria, Czech Republic, and Mexico. It also has a prototyping and NPI facility located in Tustin, California. Engineering and design centers, on the other hand, are located in the Philippines, Singapore, China, United States, Bulgaria and Czech Republic. IMI also has a global network of sales and logistics offices in Asia, North America and Europe.

The Parent Company does not own land, thus, it entered into a lease contract with Technopark Land, Inc. (TLI), an affiliate, for the lease of parcels of land situated at the Special Export Processing Zone, Laguna Technopark, Biñan, Laguna. The lease shall be for a period of three (3) years, commencing on 2 January 2012 up to 31 December 2014, renewable at the option of the Parent Company upon such terms and conditions and upon such rental rates as the parties may agree upon at the time of the renewal, taking into consideration comparable rental rates for similar properties prevailing at the time of renewal. The Parent Company shall pay monthly rentals of ₱81,796 for 2012,₱92,964 for 2013 and ₱105,778 for 2014. The Parent Company shall advise TLI in writing at least sixty (60) days before the expiration of the term of its desire to renew the lease contract, which TLI may consider upon such terms and conditions as may be agreed between the parties.

On 20 December 2013, an amendment to the lease contract was executed modifying the terms as follows:

- The lease shall be effective from 2 January 2014 up to 31 December 2016, and
- The Parent Company shall pay monthly rental of ₱4,133,853.

IMI's subsidiaries, except for IMI USA, IMI Japan and Speedy-Tech Electronics (HK) Limited in Hong Kong, lease the land on which their respective manufacturing and office buildings are located. While the newly-acquired subsidiaries in Bulgaria, Czech Republic and Mexico own the land wherein their respective manufacturing and office premises are located.

The Company's global facilities and capabilities of each location as of 31 December 2013 are shown below:

Location	Floor Area (in square meters)	Capabilities
Philippines-Laguna	96,182	▪ 37 SMT lines, 2 FC lines ▪ 5 COB/COF lines ▪ Box build ▪ Solder Wave, Potting, Al & AG W/B ▪ Protective Coating ▪ ICT, FCT, AOI, RF Testing ▪ Design & Development ▪ Test & System Development ▪ Complex Equipment manufacturing ▪ Cleanroom to class 100 ▪ LVHM, HVLM
Philippines-Cavite	2,350	▪ 3 SMT lines ▪ Box Build ▪ PTH, Solder Wave ▪ ICT, FCT, AOI ▪ LVHM
Singapore	4,000	• Central Warehouse, Logistics Services, HMLV
China-Liantang	18,600	▪ 22 SMT lines, 2 COB lines

		▪ Box Build ▪ PTH, Auto Pin Insertion, Solder Wave ▪ ICT, FCT, AOI, RF Testing ▪ Test & System Development ▪ Design & Development ▪ LVHM, HVLM
China-Kiuchong	18,000	▪ 25 SMT lines ▪ Box Build ▪ PTH, Auto Pin Insertion, Solder Wave ▪ ICT, FCT, AOI, RF Testing ▪ Test & System Development ▪ LVHM, HVLM
China-Jiaxing	13,000	▪ 13 SMT lines ▪ Box Build ▪ PTH, Auto Pin Insertion, Solder Wave ▪ ICT, FCT, AOI, RF Testing ▪ Test & System Development ▪ LVHM, HVLM
China-Chengdu	7,500	▪ 9 SMT lines ▪ Box Build ▪ PTH, Auto Pin Insertion ▪ Solder Wave ▪ ICT, FCT, AOI ▪ HVLM / LVHM
Hong Kong*	300	• Procurement, marketing and supply chain support
Philippines-PSi Taguig	2,799	▪ Customer Specific Quality Requirements ▪ Low/ Med Power Discrete Packaging and Processes including Au Wire Bonding ▪ Al Ribbon ,Cu Clip interconnect ▪ 3D Packaging, MCM ,High Reliability Hermetic Packages - Metal Cans and Ceramic Packages, Low-Medium Power OFN Packages: 3 x 3 mm to 12x12 mm., Medium-High Power Hermetics Packages: TO 257, TO258
Philippines-PSi Laguna	9,209	▪ Power Management (IC) Discrete Packaging, e.g., 5 - 7L TO-220 ▪ Diversified Packaging - from Low to High Power and Small to Large Outline ▪ Module R&D line
Japan*	110	• Sales Support
USA-Tustin, CA*	1,184	▪ 1 SMT prototyping line ▪ Engineering Development ▪ Prototype Manufacturing Center ▪ Precision Assembly ▪ SMT, COB FCOF ▪ Process Development
USA-Fremont, CA*	1,143	▪ PV Module or Panel Design / Co-Development ▪ Solar Panel Prototyping Development ▪ LVHM

	▪ Solar Panel Testing and Certification ▪ Test Services for Control Electronics of Solar Systems
Botevgrad, Bulgaria	25,878	▪ 11 SMT lines ▪ Box build ▪ PTH, Auto Pin Insertion, Solder Wave ▪ Protective Coating ▪ ICT, FCT, AOI ▪ Test & System Development ▪ Design & Development ▪ Plastic Injection, Embedded Toolshop, Overmolding
El Salto, Guadalajara, Mexico	75,000	▪ 5SMT lines ▪ Box build ▪ PTH, Auto Pin Insertion, Solder Wave, Protective Coating, Potting ▪ ICT, FCT, AOI, SPI ▪ Plastic Injection (50-1,000T) ▪ Overmolding ▪ Embedded Toolshop ▪ Mechanical Assembly
Třemošná, Plzeňská, Czech Republic	7,740	▪ 4 SMT lines ▪ PTH, Auto Pin Insertion, Solder Wave, Ultrasonic Welding ▪ Protective Coating ▪ ICT, FCT, AOI ▪ Mechanical Assembly
Total	282,995	

IMI leases some of its machinery and production equipment, transportation equipment and servers under various finance lease agreements.

Future minimum lease payments of the Group are as follows:

	Minimum Lease Payments		**Present Value of Payments**	
	2013	2012	**2013**	2012
Within one year	**$1,018,901**	$777,907	**$907,761**	$674,071
After one year but not more than five years	**3,157,187**	705,857	**2,977,968**	704,866
	$4,176,088	$1,483,764	**$3,885,729**	$1,378,937

Additional finance lease commitment of the Group amounted to US$3.03 million and US$0.78 million as of 31 December 2013 and 2012, respectively.

IMI has also entered into operating lease contracts for the lease of parcels of land, condominium units, office premises and other facilities.

Future minimum rent payable under these non-cancellable operating leases of the Group as of 31 December 2013 and 2012 is as follows:

	2013	2012
Within one year	**$4,074,629**	$3,111,844
After one year but not more than five years	**7,761,489**	6,818,109
More than five years	**2,580,123**	4,006,181
	$14,416,241	$13,936,134

The aggregate rent expense of the Group, included under "Facilities costs and others - Outsourced activities" account and under the "Operating expenses" account in the consolidated statements of income, recognized on these operating lease commitments amounted to US$3.47 million in 2013, US$1.14 million in 2012 and US$1.00 million in 2011 (see Note 20 of the Audited Financial Statements). Deposits made under these operating lease commitments are intended to be applied against the remaining lease payments.

For 2014, the Company expects to spend US$22 million for capital expenditures. These capital expenditures are to be partially funded by proceeds of the Company's cash from operations and debt. The main components of these expenditures are building extensions and improvements, purchase of equipment for new projects, various machineries restorations and innovation and strategic investments. These will ensure uninterrupted services and meeting demands of the Company's customers.

The Company intends to expand its EMS operations and acquire property in Botevgrad, Bulgaria. Commercial negotiations are currently ongoing.

EMPLOYEES

The Company has a total workforce of 15,672 employees as of 31 July 2014, shown in the following table:

Job Groups	Total	Philippines	China/ Singapore	USA	Japan	Europe
Managers	**397**	145	164	6	3	79
Supervisors	**1516**	550	664	5	1	296
Rank-and-File	**1176**	420	369	4	–	383
Technicians	**918**	441	315	–	–	162
Operators	**11,665**	5,132	4,374	–	–	2,159
TOTAL	**15,672**	6,688	5,886	15	4	3,079

The relationship between management and employees has always been of solidarity and collaboration from the beginning of its operations up to the present. The Company believes that open communication and direct engagement between management and employees are the most effective ways to resolve workplace issues. The rank and file employees and the supervisory employees of the Company are not unionized. Hence, there is no existing Collective Bargaining Agreement ("CBA") between the Company and its employees.

IMI has existing supplemental benefits for its employees such as transportation and meal subsidy, group hospitalization insurance coverage and non-contributory retirement plan.

The Company currently has none nor will have any supplemental benefits or incentive arrangements with its employees other than those mentioned above.

The Company anticipates to hire 442 more employees within the ensuing 12 months.

INTELLECTUAL PROPERTY

The table below summarizes the intellectual properties registered with the Patent and Trademark Offices in the United States and Singapore:

- Auto Camera – Minicube patent filed in December 2013
- In addition to certain patents, know-how and expertise is critical
- IMI is able to leverage its extensive experience in unique applications to other relevant products

Existing/Pending Patents	Descriptions	Location/ Filing Date	Expiration Date
Pending USPTO 13457670	Used for die attach of power devices that require very minimal voiding between device and substrate to avoid localized heating and potential failure. Describes a new process to perform soldering in a vacuum environment to promote minimal voiding without the use of specialized and expensive equipment, solder preform and gas atmospheres, but with the efficiency of a standard reflow soldering process	April 2012	In process
Pending PCT/US12/51573	A flip chip video camera mounted on a flexible substrate with glass stiffener	August 2012	In process
Pending PCT/EP 2011/000836	Light source having Array-LEDs for direct operation on AC voltage supply and manufacturing method	February 2011	In process
United States Patent 6,571,468 6,846,701	A method for forming a fine-pitch flip chip assembly interconnects fine pitch devices after they have been connected to a carrier substrate	California, USA, 2001	2021
United States Patent 6,776,859	An improved anisotropic bonding system and method connects two conductive surfaces together using an anisotropic material having elastic conductive particles dispersed in an insulating heat-curable carrier	California, USA, 2000	2020
United States Patent 6,648,213	A method for manufacturing a chip assembly that includes the steps of applying a controlled amount of flux to plurality of solder balls on a die, applying a non-fluxing underfill material to a substrate, and assembling the die and substrate together to form the chip assembly such that the non-fluxing underfill material is trapped between the die and the substrate	California, U.S. and Singapore, 2001	2021
United States Patent 6,414,859	A passive component circuit comprising a bridge rectifier that is coupled in parallel to three capacitors	Singapore, 2000	2020
United States Patent 7,787,265 B2	A dual switch forward power converter, and a method of operating the same, employs a self-	Singapore, 2007	2027

coupled driver to achieve among other advantages higher efficiency, lower part count and component cost

HEALTH, SAFETY, AND ENVIRONMENT

The Company regards occupational health and safety as one of its most important corporate and social responsibilities and it is the Company's corporate policy to comply with existing environmental laws and regulations. The Company maintains various environmental protection systems and conducts regular trainings on environment, health and safety.

The Company is complaint and incurs expenses for the purposes of complying with environmental laws that consist primarily of payments for Government regulatory fees. Such fees are standard in the industry and are minimal.

Green Manufacturing

HSPM System

The Company supports and implements responsible sourcing, manufacturing, and execution through the Hazardous Substance Process Management System. Such system database helps the Company ensure that purchased items are compliant with different environmental requirements such RoHS2, REACH SVHC, and others, via materials third-party test reports, certificate of compliance, and materials declaration.

One of these environmental requirements is the Restriction on Hazardous Substances ("RoHS") directive. This directive aims to restrict certain dangerous substances commonly used in electronics manufacturing. Majority of the Company's customer (255 of 268 or 95.1 %) require RoHS compliance.

Technical Capability

The Company's ISO 17025-accredited Quality Technical Support ("QTS") laboratory is capable of detecting RoHS hazardous substances such as lead using an X-Ray Fluorescence ("XRF") machine. The XRF Machine is a nondestructive method to detect lead content in polymers, metals, and ceramic materials.

Supply Chain Approach

In 2013, the Company started communicating its Corporate Social Responsibility programs to its supply chain through the Electronics Industry Citizenship Coalition® ("EICC®") Supplier Evaluation Questionnaire Surveys and other tools to assess supplier capability.

The Company also started rolling out its program in support of the latest U.S. legislation "Dodd Frank Act or Conflict Metals". This law requires U.S. companies, through SEC filings, to declare sources of certain "conflict minerals" specifically the "3TG" metals, namely, tin, tantalum, tungsten, and gold. The law seeks to control the exploitation and trade of conflict metals originating from the Democratic Republic of Congo and neighboring countries.

INSURANCE

The Company's main insurance provider is BPI/MS Insurance Corporation. The Company maintains a property all risks insurance policy insuring all assets located within its manufacturing facilities, offices, and warehouses (including inventory) against, among others, fire and/or lightning, earthquake, typhoon and flood. In addition, the Company maintains a comprehensive general liability policy covering the Company's legal liability to third parties for accidental bodily injury and property damage arising from its products. A comprehensive motor insurance policy is also in place. Marine cargo insurance is purchased to cover the Company's properties that are in transit. See "Risk Factors — Risks Related to the Company's Business — Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance" on page 41 of this Prospectus.

LEGAL PROCEEDINGS

There are no material pending legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law for the past five years to which the Company or any of its subsidiaries or its directors or executive officers is a party or of which any of its material properties are subject in any court or administrative government agency.

Certain employees have filed illegal dismissal cases before the National Labor Relations Commission against IMI when the latter terminated their services due to violation of company rules and regulations such as acts of dishonesty, and excessive unauthorized absences. These cases are at various stages including appeal.

IMI has also filed criminal cases against certain individuals who circumvented the procedures, rules, and regulations set by IMI to pilfer materials (i.e., copper wire, solder dross, etc.) and parts. Most of these cases were withdrawn after compromise agreements.

IMI vs. Standard Insurance - Civil Case No. 11-315

This is an action for specific performance filed by IMI against Standard Insurance ("Standard") seeking to collect Standard's share in the loss incurred by IMI consisting in damage to production equipment and machineries as a result of the 24 May 2009 fire at IMI's Cebu facility which IMI claims to be covered by Standard's "Industrial All Risks Material Damage with Machinery Breakdown and Business Interruption" policy. The share of Standard in the loss was 22% or US$1,117,056.84 after its co-insurers all paid.

IMI had to resort to court action after Standard denied its claim on the ground that this is an excepted peril.

Standard filed a Motion to Dismiss on the ground of improper service of summons, prescription, and no cause of action. On 9 November 2011, the Regional Trial Court ("RTC") of Makati City denied the Motion to Dismiss. Standard filed a Motion for Reconsideration. On 13 February 2012, the RTC denied the Motion for Reconsideration.

Standard elevated this to the Court of Appeals ("CA").

The CA in a Decision promulgated on 26 March 2013, dismissed the complaint on the ground that it has prescribed.

On 19 April 2013, IMI filed a Motion for Reconsideration, which was denied on 13 December 2013.

IMI filed a Verified Petition for Review on Certiorari with the Supreme Court which is still pending.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Company's financial position and results of operations.

SUBSIDIARIES

The following table presents certain information regarding the Company's Subsidiaries:

Subsidiary	Percentage of Ownership			Country of Incorporation	Functional Currency
	2014	2013	2012		
IMI Singapore	**100.00%**	100.00%	100.00%	Singapore	US$
IMI ROHQ	**100.00%**	100.00%	100.00%	Philippines	US$
STEL	**100.00%**	100.00%	100.00%	Singapore	US$
IMI (Chengdu) Ltd. (IMICD)	**100.00%**	100.00%	100.00%	China	US$
Shenzhen Speedy-Tech Electronics Co., Ltd. (SZSTE)	**99.48%**	99.48%	99.48%	China	US$
Speedy-Tech Electronics (HK) Limited (STHK)	**100.00%**	100.00%	100.00%	Hong Kong	US$
Speedy-Tech Electronics (Chong Qing) Co. Ltd. (STCQ)	**100.00%**	100.00%	100.00%	China	US$
Speedy-Tech Electronics (Jiaxing) Co., Ltd. (STJX)	**100.00%**	100.00%	100.00%	China	US$
STPH [a]	**100.00%**	100.00%	100.00%	Philippines	US$
Vista Manufacturing Pte Ltd (VISTA) [b]	**–**	–	–	Singapore	US$
Speedy-Tech Technologies Pte. Ltd. (STTS) [b]	**–**	–	–	Singapore	US$
Speedy-Tech Electronics, Inc.	**100.00%**	100.00%	100.00%	USA	US$
Monarch	**100.00%**	100.00%	100.00%	Hong Kong	US$
Cooperatief	**100.00%**	100.00%	100.00%	Netherlands	Euro
IMI BG	**100.00%**	100.00%	100.00%	Bulgaria	Bulgarian Lev
Microenergia EOOD	**70.00%**	70.00%	70.00%	Bulgaria	Bulgarian Lev
IMI CZ	**100.00%**	100.00%	100.00%	Czech Republic	Czech Koruna
IMI MX	**100.00%**	100.00%	100.00%	Mexico	US$
Integrated Micro-Electronics Manufactura S.A.P.I de C.V.	**100.00%**	100.00%	100.00%	Mexico	Mexican Peso
IMI France SAS (IMI France)	**100.00%**	100.00%	100.00%	France	Euro
IMI USA	**100.00%**	100.00%	100.00%	USA	US$
IMI Japan	**100.00%**	100.00%	100.00%	Japan	US$
PSi	**83.25%**	83.25%	55.78%	Philippines	US$
PSi Laguna [c]	**–**	–	–	Philippines	US$
PSiTech Realty [d]	**33.30%**	33.30%	22.31%	Philippines	US$
Pacsem Realty [d]	**53.28%**	53.28%	35.70%	Philippines	US$

a. *STPH's business operations was integrated as part of the Parent Company in 2013 (see Note 1). STPH is a dormant company.*

b. *On 8 August 2012 and 3 July 2012, VISTA and STTS were liquidated, respectively.*

c. *On 21 June 2012, PSi Laguna was legally merged with PSi.*

d. *The percentage pertains to the indirect ownership of the Parent Company. On 21 June2012, the BOD of PSi, PSiTech Realty and Pacsem Realty authorized the dissolution of PSiTech Realty and Pacsem Realty, subject to the SEC approval.*

e. *IMI MX changed its functional currency from MXN to US$ on 1 March 2014.*

IMI Singapore was incorporated and is domiciled in Singapore. It is engaged in the procurement of raw materials, supplies and provision of customer services. Its wholly-owned subsidiary, Speedy-Tech Electronics Ltd. (STEL), was incorporated and is domiciled also in Singapore. STEL, on its own, has subsidiaries located in Hong Kong, China, and Singapore. STEL and its subsidiaries (collectively referred to as "STEL Group") are principally engaged in the provision of EMS and power electronics solutions to

OEMs customers in the consumer electronics, computer peripherals/IT, industrial equipment, telecommunications and medical device sectors.

On 16 April 2009, IMI Singapore established its Philippine Regional Operating Headquarters ("IMI International ROHQ" or "IMI ROHQ"). It serves as a supervisory, communications and coordinating center for the affiliates and subsidiaries of IMI Singapore.

On 28 April 2011, the Parent Company infused additional capital to IMI Singapore consisting of US$7,026,195 cash and 200 million of the Parent Company's own shares in exchange for 43,077,144 newly issued ordinary shares of the latter with par value of SGD1.00 per share. This was used by IMI Singapore to set up Monarch Elite Ltd. ("Monarch") and Cooperatief IMI Europe U.A. ("Cooperatief") as holding companies and to facilitate the acquisition of Integrated Micro-Electronics Bulgaria EOOD (formerly EPIQ Electronic Assembly EOOD) ("IMI BG"), Integrated Micro-Electronics Czech Republic s.r.o.(formerly EPIQ CZ s.r.o.) ("IMI CZ"), and Integrated Micro-Electronics Mexico, S.A.P.I. de C.V. (formerly EPIQ MX, S.A.P.I de C.V.) ("IMI MX") (collectively referred to as "IMI EU/MX Subsidiaries") from EPIQ NV. IMI EU/MX Subsidiaries design and produce printed circuits and spray casting of plastics, and supply assembled and tested systems and sub-systems which include drive and control elements for automotive equipment, household appliances, industrial market and other applications with plastic parts and electronic components. IMI EU/MX Subsidiaries also provide engineering, research and development, and logistics management services.

On 14 December 2012, the Directors of STEL approved the assignment of assets and liabilities of its subsidiary, Speedy-Tech (Philippines), Inc. (STPH), to the Parent Company of the operations of STPH. On 13 June 2013, the Board of Directors of the Parent Company authorized the transfer of all rights, title, and ownership over all of the assets, and assumption of liabilities and obligations of STPH as of 31 December 2012. The Deed of Assignment was executed on 30 July 2013.

IMI USA was incorporated and is domiciled in California, USA. It is at the forefront of technology with regard to precision assembly capabilities including surface mount technology, chip on flex, chip on board and flip chip on flex. It specializes in prototyping low to medium printed circuit board assembly and sub-assembly. It is also engaged in engineering, design for manufacturing technology, advanced manufacturing process development, new product innovations, direct chip attach and small precision assemblies.

IMI Japan was registered and is domiciled in Japan. IMI Japan's primary purpose is to transact business with Japanese customers in the following areas: (a) turnkey EMS, (b) engineering and design services, and (c) original design manufacturing solutions. IMI Japan also functions as program management center for new business in coordination with the Parent Company (wireless), STEL and its subsidiaries (power management) and IMI USA (film chip). IMI Japan secures programs/projects from Japanese customers and then endorses these to the Parent Company or IMI Singapore. There are no manufacturing operations in IMI Japan.

The Parent Company acquired of 55.78% of PSi on 6 October 2010. PSi is a power semiconductor assembly and test services company serving niche markets in the global power semiconductor market. It provides comprehensive package design, assembly and test services for power semiconductors used in various electronic devices. On 12 March 2013, the Parent Company increased its ownership interest in PSi from 55.78% to 83.25%.

PSi wholly owns PSi Technologies Laguna, Inc. ("PSi Laguna"), which also provides semiconductor assembly and test services. In addition, PSi owns 40% of PSiTech Realty, Inc. ("PSiTech Realty), the holding company of Pacsem Realty, Inc. ("Pacsem Realty"), which is a real estate company that acquires, holds, develops, and disposes any real estate or interest acquired.

On 21 June 2012, the SEC approved the legal merger of PSi Laguna and PSi, with the former as the absorbed entity and PSi as the surviving entity. Also, on 21 June 2012, the respective Board of Directors of PSi, Pacsem Realty, and PSiTech Realty authorized the dissolution and liquidation of Pacsem Realty and PSiTech Realty by shortening their corporate life up to 31 December 2013, subject to the approval of the SEC.

INDUSTRY

The information set out in this section "Industry" has been extracted from publicly available reports from Circuit Assembly, IHS GlobalSpec Electronics, the World Bank and the United States International Trade Commission.

ELECTRONICS MANUFACTURING SERVICES

Electronic manufacturing services ("EMS") are companies that design, assemble, produce, and test electronic components and printed circuit board ("PCB") assemblies for OEMs.

EMS companies may be contracted at various points in the manufacturing process to provide a variety of services, including design, assembly, and testing. Some companies require only a design file from the customer before proceeding to develop the product, source the components from a trusted distributor, and assemble and test the product. Alternatively, EMS providers who specialize in assembly may require the customer to provide the design, the components necessary for manufacturing, and an assembled sample.EMS companies may also provide additional onsite services, such as PCB etching, or provide these services through another contractor.

Electronic manufacturing involves different levels of automation, depending on the company and project. Companies that produce large runs of products typically use heavily automated manufacturing, while providers who specialize in prototypes or small production runs typically assemble PCBs manually to save the time and cost involved in setting up automated assembly equipment.

Many service providers design and test electronic products in addition to manufacturing them.

Design services encompass several related actions that occur after determining a customer's specifications or product needs and before manufacturing or assembly takes place. The EMS company may first provide a product concept detailing the main objectives of the project and preliminary specifications. The company may do research by interviewing product users, consulting experts, and exploring existing related products. After these two steps occur, the product is then developed, visualized, and tested, and a prototype is sent to the customer for approval.

EMS companies may provide one or more types of product testing after completing a prototype or product run:

- **Agency compliance testing** ensures that the product meets the safety and quality guidelines of a certain agency's standards.

- **Analytical laboratory testing** assists in quality control, failure investigation, and research and development.

- **Automated optical inspection** uses a computer to analyze a PCB to locate defects, including broken traces, excess solder, etching problems, or improper hole registration.

- **Environmental testing** simulates a product's intended environment. Environmental tests may vary the environment's temperature, humidity, and vibration to test the product's resistance.

- **Functional testing** simulates the assembly's normal function to test its overall operational characteristics.

- **In-circuit testing** involves probing individual components within the circuit to test their operation.

- **X-ray testing** uses non-destructive imaging techniques to provide a thorough analysis of an assembly.

Electronic manufacturing companies may specialize in one or more areas of manufacturing technique and production size.

Manufacturing

Electronics manufacturing encompasses several different types of electronic products, including but not limited to printed circuit boards, microelectronics, optoelectronics, and radio frequency/wireless devices.

PCBs are flat boards that hold electronic components.EMS providers populate PCBs with components to create printed circuit assemblies (PCAs), and may have the capability to work with several different types of boards. PCBs are assumed to be rigid and manufactured as a hard, inflexible board. Flexible PCBs can bend and accommodate flexible circuits used in instrumentation, automotive, and medical applications. Rigid-flexible PCBs are rigid boards with flexible interconnects.

EMS companies may also specialize in one of two types of PCB technology: through hole ("THT") and surface mount ("SMT").

- THT technology involves mounting components by inserting their leads through holes drilled in the board. The leads are then soldered into place on the opposite side of the board. THT components are typically hand-soldered or wave soldered to a PCB in a production line.

- SMT technology components are soldered to the top of the board, and are usually smaller and less expensive than THT components. From a manufacturing standpoint, modern pick-and-place equipment can mount SMT components quickly and accurately.

As its name implies, microelectronics deals with the manufacture of very small semiconductor components and includes flip chips and chip on board devices. Flip chips are integrated circuits that connect to external circuitry using solder bumps deposited on the chip. They are often used in cell phones, pagers, and other small electronics. Chip-on-board devices involve bonding bare dies to PCBs.

Optoelectronic devices involve sourcing, detecting, or controlling light. EMS companies may assemble optical switches, fiber optic transmitters and receivers, and laser modules.

Radio frequency or wireless devices are frequently used in telecommunications and data transfer applications. EMS providers may assemble radio frequency identification devices and other telecommunication and wireless technologies.

Production

EMS companies may specialize in several different production levels and speeds, depending on their available equipment and capabilities.

In particular, some providers build prototypes, which are early samples made to test a product's concept, following the design phase. Prototyping ensures that the product will serve its intended purpose after it is manufactured as part of a larger production run. Prototypes are often built with cheaper materials than those used in the production process. In the past, electronics manufacturers produced prototypes using breadboards and THT components, but the widespread availability of custom prototype PCBs now allows manufacturers to produce prototypes that closely mirror the intended product. Prototyping may occur multiple times at various points in the design and planning stages of a project.

EMS companies often specify their production volume capabilities. Although production volume statistics are relative, general guidelines can be specified:

- Low volume providers produce small quantities, typically 1 to 100 products. Low volume is often similar to or synonymous with prototyping.

- Medium volume providers are able to produce around 100 to 10,000 products annually.

- High volume providers can produce more than 10,000 units annually.

Electronics manufacturers may also specify specialty production techniques, including quick turn production and cabling services. Quick turn manufacturers can assemble PCBs within a short time, usually 48 hours, after receiving all components. Cabling manufacturers attach cables to electronic assemblies.

Prospects

The worldwide EMS market will grow 7.7% compounded annually between 2013 and 2018, according to a market research report by New Venture Research, a provider of business intelligence, growth management and advisory services to companies in the advanced electronics markets. The worldwide EMS market is a determining force in production of electronics products and now accounts for almost 40% of all assembly. While the rate of growth for outsourcing is slowing, it still represents the most desired manufacturing model for the assembly of electronics products available to OEM companies. The EMS industry expanded approximately 4.9% in 2013 as a result of a downturn year when normal growth could easily have been double without decline in demand for computer desktop and notebook products.

Year	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Value	419	440	490	510	570	600	639
% change		4.9	10.2	4.1	11.8	5.3	6.5

The firm says EMS sales make up 40% of all assembly. New Venture Research estimates that total electronics assembly value was US$1.3 trillion in 2013 and will grow to approximately US$1.8 trillion in 2018, a 5.9% compounded annual growth rate.

The worldwide electronics assembly market, according to New Venture Research, has total revenues of US$1,260 billion in 2013 and is expected to grow at a compounded annual growth rate ("CAGR") of 6% until 2018. The EMS portion has total revenues of US$273 billion in 2013, and its forecast growth is 6.4% CAGR until 2018.

The EMS industry, according to New Venture Research, grew by about 6.4% CAGR from 2008 to 2013. IMI grew faster than the EMS industry at 11.1% CAGR over the same period.

Experts have noted that on the way to creating more factories of the future, this year will set the stage for a new manufacturing renaissance. With the manufacturing industry having an established track record of continuously improving productivity, an "intelligent economy" driven by more informed consumers and one in which talent is at a premium, will dramatically restructure value chains to be closer to demand regardless of direct labor costs.

EMS is shifting from the "E" (electronics) toward the "S" (services), and where "M" (manufacturing) had until recently been all about low costs, its future may be less contingent on labor arbitrage than on convenience.

Manufacturing movements have circled back from offshoring (or outsourcing) in the 1990s to the last decade's reshoring, in which multinationals retrieved some of their production intended for the American market. The emergent trend is next-shoring, whose two defining priorities are proximity to demand and proximity to innovation, particularly an innovative base of suppliers. In both developed and emerging markets, demand and innovation will be critical because next-shoring is less about moving manufacturing from one place to another, than about adapting to, and preparing for, the changing nature of manufacturing everywhere.

Leading competitive factors for the ASEAN Region and the Philippines

Electronics products are considered a major source of manufacturing in the ASEAN region. The ASEAN region has been regarded for a long time as an attractive destination for the production of electronics. There are various competitive factors that determine the competitiveness of countries in the ASEAN region within the global supply chain for electronics and computer components.

One of the most competitive factors is the availability and cost of labor, including both skilled professionals and assembly workers. The EMS industry is skill-intensive and relies heavily on an adequate supply of well-trained technicians and engineers due to the rapid pace of innovation. As such, companies must find engineers and technicians locally or easily bring them into a country. Furthermore, a country must have an available pool of productive assembly workers that can be hired at a competitive wage. Hence, diversity of the labor is considered giving particular countries a competitive advantage in attracting investment and jobs in the industry, and not only skill availability or labor cost.

A major strength of the sector in the Philippines comes from the fact that the labor force in the Philippines is extremely large, with about 100,000 engineering, information technology, and technical graduates every year. This labor force is considered cost competitive, trainable and technically capable, and a large number of the workers speak English.

Another competitive factor is the existence of a base of suppliers. When EMS companies are located close to a base of suppliers that are competitive, such as in a cluster, it facilitates the sharing of information, minimizes plant inventory, speeds logistics, and ensures a ready supply. The degree to which ASEAN countries have adequate supplier bases varies. Developing supplier networks is especially important to ASEAN countries and their relative competitiveness in the industry, especially considering that this is an area in which China excels. Many companies in the Philippines have thus aggressively developed a base of local suppliers for various elements of the electronics value chain like enclosures.

Other competitive factors include transportation infrastructure. Speed to market is important in the EMS industry, so competitiveness depends on adequate infrastructure. Size of domestic market is also an added incentive for some companies in the industry in choosing where to locate production. Furthermore, enforcement of intellectual property rights greatly affects the competitiveness of a country, as counterfeit components are a major concern for companies, especially for computer components as they can be easily counterfeited. Countries that effectively enforce intellectual property rights therefore have a competitive advantage over those where enforcement is weak. Within ASEAN, intellectual property enforcement varies widely. Many customers of EMS companies in the Philippines often feel more comfortable with the intellectual property protection as compared to other countries.

Source: United States International Trade Commission, "ASEAN: Regional Trends in Economic Integration, Export Competitiveness, and Inbound Investment for Selected Industries", August 2010, Agarwalla, G., "Philippines: electronic equipment production and manufacturing", World Bank Working Paper, 2005.

REGULATORY AND ENVIRONMENTAL MATTERS

BOARD OF INVESTMENTS

The Board of Investments (the "BOI"), an agency under the Department of Trade and Industry, is the lead investments promotion agency of the Philippines. The agency is designed to promote inward investments and assist local and foreign investors in their venture of the desirable areas of business, defined in the annually-prepared Investment Priorities Plan ("IPP"). Under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, as amended, the BOI is mandated to encourage investments through tax exemption and other benefits in preferred areas of economic activity specified by the BOI in the IPP. The IPP, formulated annually by the BOI, through an inter-agency committee, and approved by the President, lists the priority activities for investments. It contains a listing of specific activities that can qualify for incentives.

A Filipino enterprise can register its activity with the BOI if its project is listed as a preferred project in the current IPP. Said enterprise may engage in domestic-oriented activities listed in the IPP whether classified as pioneer or non-pioneer. However, an activity which is not listed, may also be entitled to incentives if the following conditions are met: (i) At least 50% of the production is for export (for 60% Filipino-40% Foreign-owned enterprises), or (ii) At least 70% of production is for export (for more than 40% foreign–owned enterprises).

Generally, BOI-registered enterprises are exempt from payment of the income taxes depending on the project's status as follows: (i) six (6) years for new projects with a pioneer status, (ii) four (4) years for new projects with a non-pioneer status, (iii) three (3) years for expansion projects, and (iv) six (6) years for new or expansion projects in less developed areas.

BOI-registered enterprises also enjoy taxes and duties exemption on imported spare parts, as well as an exemption on wharfage dues and export tax. Other fiscal incentives include (i) reduced duty rates on capital equipment, spare parts, and accessories, (ii) tax credits on domestic breeding stocks, genetic material, raw materials, and supplies, and (iii) additional deductions from taxable income on labor expense as well as necessary and major infrastructure work. BOI-registered enterprises are also entitled to other non-fiscal incentives such as the employment of foreign nationals, streamlined customs procedures, and the importation of consigned equipment.

The Company is compliant and incurs expenses for the purposes of complying with importation and exportation laws that consist primarily of payments for Government regulatory fees. Such fees are standard in the industry and are minimal.

SPECIAL ECONOMIC ZONE

PEZA is a Government corporation that operates, administers and manages designated special economic zones ("Ecozones") around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA-registered enterprises locating in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials.

ENVIRONMENTAL LAWS

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain ECC prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau ("EMB"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while a project in an environmentally critical area are generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office. In case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandated.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the projects' environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The ECC is a Government certification, that the proposed project or undertaking will not cause a significant negative environmental impact, that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project's abandonment phase. The ECC also provides for other terms and conditions, any violation of which would result in a fine or the cancellation of the ECC.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued to projects determined by the DENR to pose a significant public risk to life, health, property and the environment. The EGF is intended to answer for damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

The Company is compliant and incurs expenses for the purposes of complying with environmental laws that consist primarily of payments for Government regulatory fees. Such fees are standard in the industry and are minimal.

NATIONALITY RESTRICTIONS

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least 60% owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning building and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%.

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991, and the Ninth Regular Foreign Investment Negative List, provide that certain activities are nationalized or partly-nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos.

Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly-nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

The Company does not currently own real estate. However, if the Company acquires real estate in the future, it would be subject to nationality restrictions found under the Philippine Constitution and other laws limiting land ownership to Philippine Nationals. The term “Philippine National” as defined under the R.A. No. 7042, as amended, shall mean a citizen of the Philippines, a domestic partnership or association wholly-owned by citizens of the Philippines or a corporation organized under the laws of the Philippines of which at least 60.0% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code of which 60% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

LABOR CODE

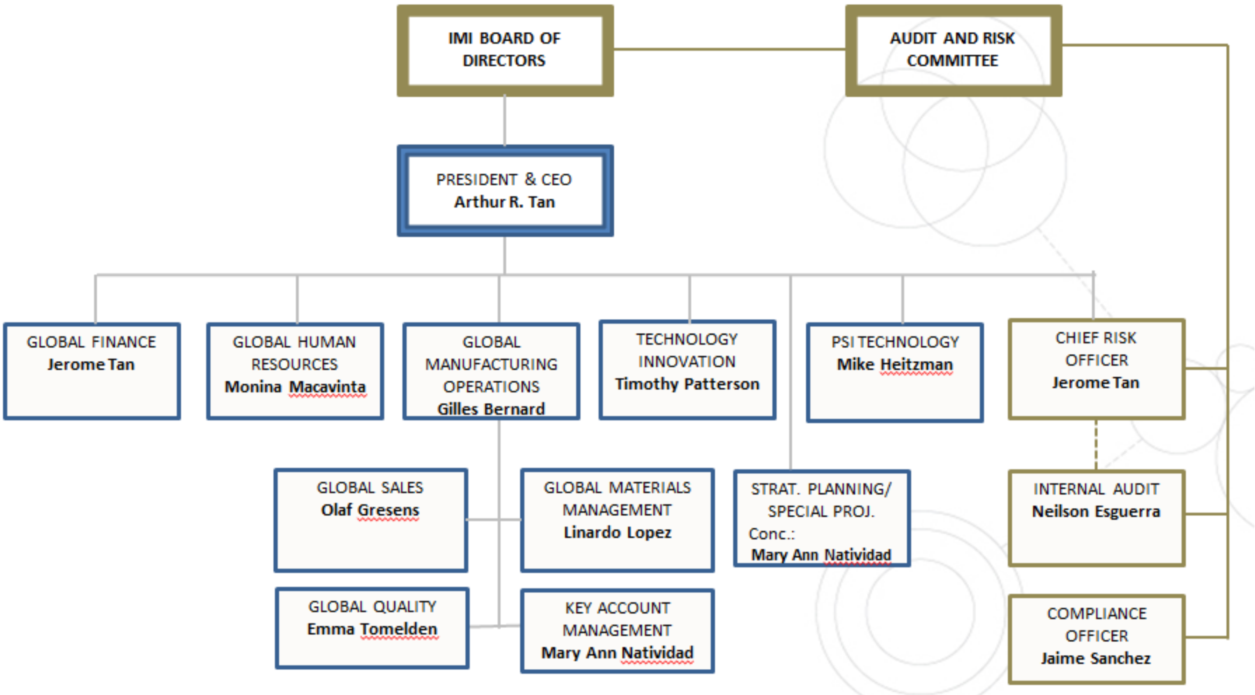
The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (R.A. No. 8282), the National Health Insurance Act of 1995 (R.A. No. 7875), as amended, and the Home Development Fund Law of 2009 (R.A. No. 9679).

Under the Social Security Act of 1997, social security coverage is compulsory for all employees under 60 years of age. An employer is obligated to deduct and withhold from each employee's monthly salary, wage, compensation or earnings, the employee's contribution, and the employer, for its part, makes a counterpart contribution for the employee, and remits both amounts to the Social Security System (“SSS”). This enables the employees to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The Social Security Act of 1997 imposes penal sanctions if an employer fails to remit the contributions to the SSS. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The National Health Insurance Act created the National Health Insurance Program (“NHIP”) to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. The Philippine Health Insurance Corporation (“PhilHealth”) administers the NHIP, and an employer is required to deduct and withhold the contributions from the employee‘s salary, wage or earnings, make a counterpart contribution for the employee, and remit both amounts to PhilHealth. The NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. The National Health Insurance Act likewise imposes penal sanctions if an employer does not remit the contributions to PhilHealth. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The Home Development Fund Law (R.A. No. 9679) or the Pag-IBIG Fund Law, created the Home Development Mutual Fund (“HDMF”), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. The Pag-IBIG Fund Law also imposes penal sanctions if the employer does not remit the contributions to the HDMF.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



BOARD OF DIRECTORS

As of 30 September 2014, the members of the Board of Directors of the Company are:

Name	Position
Jaime Augusto Zobel de Ayala	Chairman
Fernando Zobel de Ayala	Member
Arthur R. Tan	Member, President, and Chief Executive Officer
Jose Ignacio A. Carlos	Member
John Eric T. Francia	Member
Delfin C. Gonzalez, Jr.	Member
Delfin L. Lazaro	Member
Rafael Ma. C. Romualdez	Member
Alelie T. Funcell	Independent Director
Hiroshi Nishimura	Independent Director
Edgar O. Chua	Independent Director

Jaime Augusto Zobel de Ayala, Filipino, 54, has served as Chairman of the Board of Directors of IMI since January 1995. He also holds the following positions: Chairman and Chief Executive Officer of Ayala Corporation, Chairman of Globe Telecom, Inc., and Bank of the Philippine Islands, Co-Chairman of Ayala Foundation, Inc., Vice Chairman of Manila Water Company, Inc., Co-Vice Chairman of Mermac, Inc., Vice Chairman of Ayala Land, Inc., Director of Alabang Commercial Corporation, Ayala International Pte Ltd. and AC Energy Holdings, Inc., Chairman of Harvard Business School Asia-Pacific Advisory Board, Children's Hour Philippines, Inc., Vice Chairman of the Asia Business Council, Makati Business Club, and Asia Society Philippine Foundation, Inc., Member of The Asia Society, Eisenhower Fellowships, Harvard University Asia Advisory Committee, Harvard Business School Social Enterprises Initiative Advisory Board, Harvard Global Advisory Council, Harvard Global Advisory Council, Mitsubishi Corporation International Advisory Committee, JP Morgan International Council, International Business Council of the World Economic Forum, Asia Pacific Basin Economic Council, Philippine Economic Society, World

Wildlife Fund Philippine Advisory Council, Pacific Basin Economic Council and Toshiba International Advisory Group, and Philippine Representative for APEC Business Advisory Council. He graduated with B.A. in Economics (with honors) degree from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

Fernando Zobel de Ayala, Filipino, 53, has served as a director of IMI since January 1995. He is the Vice Chairman, President, and Chief Operating Officer of Ayala Corporation. He is also the Chairman of Ayala Land, Inc., Manila Water Company, Inc., AC International Finance Ltd., Ayala International Pte Ltd., Ayala DBS Holdings, Inc., Alabang Commercial Corporation, AC Energy Holdings, Inc., and Hero Foundation, Inc., Co-Chairman of Ayala Foundation, Inc., Co-Vice Chairman of Mermac, Inc., Director of Bank of The Philippine Islands, Globe Telecom, Inc., Integrated Micro-Electronics, Inc., LiveIt Investments, Ltd., Asiacom Philippines, Inc., AG Holdings Limited, Ayala International Holdings Limited, AI North America, Inc., Vesta Property Holdings Inc., Honda Cars Philippines, Inc., Isuzu Philippines Corporation, Pilipinas Shell Petroleum Corporation, and Manila Peninsula, Member of The Asia Society, World Economic Forum, INSEAD East Asia Council, and World Presidents' Organization, Chairman of Habitat for Humanity's Asia-Pacific Capital Campaign Steering Committee, Vice Chairman of Habitat for Humanity International, and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, Kapit Bisig para sa Ilog Pasig Advisory Board and National Museum.

Arthur R. Tan, Filipino, 54, has been a member of the Board of Directors of IMI since July 2001. He became the President of IMI on 1 July 2001 and has been the President & Chief Executive Officer of the IMI Group since 23 April 2002. Concurrently, he is the President and Chief Executive Officer of PSi Technologies Inc., President of Speedy-Tech Electronics Ltd., and Senior Managing Director of Ayala Corporation. Before joining IMI, he was the Northeast Area Sales Manager and Acting Design Center Manager of American Microsystems Inc. (Massachusetts), from 1994 to 1998, of which he became the Managing Director for Asia Pacific Region/Japan from 1998 to 2001.

Jose Ignacio A. Carlos, Filipino, 44, has been a Director of IMI since December 2006. Concurrently, he is the President of Polymer Products Philippines, Inc. and AVC Chemical Corporation. He is also a member of the Board of Directors of Resins, Inc., Riverbanks Development Corporation, Mindanao Energy Systems, Inc., Cagayan Electric Power and Light Co., and Philippine Iron Construction and Marine Works, Inc.

John Eric T. Francia, Filipino, 42, has been a Director of IMI since July 2010. He is Managing Director and Member of the Management Committee of Ayala Corporation (Ayala Group) since January 2009. He is the Head of Ayala's Corporate Strategy and Development Group, which oversees Ayala's portfolio strategy and new business development. He is also the President of AC Energy Holdings Inc., which is Ayala's holding company for its investments in the power sector, and the President of AC Infrastructure Holdings Corporation. He is a Director of Manila Water Company Inc., LiveIt Investments Ltd., and HCM City Infrastructure Investment Joint Stock Company (CII). Before joining Ayala, he was a senior consultant and member of the management team of Monitor Group, a strategy consulting firm based in Cambridge, Massachusetts, USA.

Delfin C. Gonzalez, Jr., Filipino, 64, joined the IMI board in July 2010 and became a member of the IMI's Finance Committee. He is the Chief Financial Officer of Ayala Corporation and is also a member of its Management Committee and Finance Committee. He joined Ayala Corporation in late 2000, and was the Chief Finance Officer for its subsidiary, Globe Telecom, Inc. until early 2010. He also holds the following positions in various companies of the Ayala Group: Chairman and President of Water Capital Works, Inc., and Azalea Technology Investments, Inc., Chairman of Darong Agricultural Development Corporation and AYC Finance Ltd., and Director of A.C.S.T Business Holdings, Inc., AC International Finance, Ltd., Asiacom Philippines, Inc., Ayala Aviation Corporation, AYC Holdings Ltd., Michigan Holdings, Inc., AC Energy Holdings, Inc., MPM Noodles Corporation, LiveIt Investments, Ltd., Azalea International Venture Partners Ltd., and various Ayala international companies.

Delfin L. Lazaro, Filipino, 67, has served as Director of IMI since May 2000. He is a member of the Management Committee of Ayala Corporation. His other significant positions include: Chairman of Philwater Holdings Company Inc., Atlas Fertilizer & Chemicals Inc., Chairman and President of Michigan

Power Inc., and A.C.S.T. Business Holdings Inc., Chairman of Azalea Intl. Venture Partners, Ltd., Director of Ayala Land Inc., Integrated Micro-Electronics Inc., Manila Water Co. Inc., Ayala DBS Holdings Inc., AYC Holdings Ltd., Ayala International Holdings Ltd., Bestfull Holdings Ltd., AG Holdings, AI North America Inc., Probe Productions Inc., and Empire Insurance Company, and Trustee of Insular Life Assurance Co. Ltd. He was named Management Man of the Year 1999 by the Management Association of the Philippines for his contribution to the conceptualization and implementation of the Philippine Energy Development Plan and to the passage of the law creating the Department of Energy. He was also cited for stabilizing the power situation that helped the country achieve successive high growth levels leading up to the Asian crisis in 1997.

Rafael Ma. C. Romualdez, Filipino, 50, has been a Director of IMI since May 1997. He is presently a Director of Resins, Inc., RI Chemical Corporation and Claveria Tree Nursery, Inc. He is also the Chairman of the Philippine Iron Construction and Marine Works, Inc., Pigmentex Incorporated, Pacific Resins, Inc., and MC Shipping Corp.

Alelie T. Funcell, Filipino, 58, has been an independent director of IMI since April 2010. She is the Founder, CEO, and President of Renewable Energy Test Center. She served as Chief Operating Officer and Senior Vice President of Quality at Solaria Inc., a manufacturer of Concentrator Photovoltaic products, and Vice President of Supplier Management and Manufacturing Operations of Xilinx Inc., a billion- dollar semiconductor company. She has also worked in several semiconductor companies, including Intel, IDT, and Silicon Systems. She is credited with numerous patents in the semiconductor packaging and solar industry. She is twice a recipient of the S.C. Valley YWCA Tribute to Woman in the Industry (TWIN) Award: In 1994 while at IDT, and in 2000 while at Xilinx. She was President of the Filipino-American Association of Milpitas, California, a vibrant Bay area Filipino organization, in 1994–1996.

Hiroshi Nishimura, Japanese, 61, has been an independent director of IMI since April 2010. He is the Chairman and President of Linkwest International Consultancy Services, Inc. He also serves as a Consultant to the Jesus V. Del Rosario Foundation, Inc. and he served as President of Panasonic Communications Philippines Corporation (PCP), formerly known as Kyushu Matsushita Electronics Philippines (PKME), from 2000-2007.

Edgar O. Chua, Filipino, 56, has been an independent director of IMI since April 2014. He holds the following positions: Chairman of the Shell Companies in the Philippines, Chairman of the Philippine Business for the Environment and Energy Council of the Philippines, President of Green Army Philippines Network Foundation, Inc., Director of European Chamber of Commerce of the Philippines, Vice-Chairman of Philippine-British Business Council, and Independent Director of Energy Development Corporation.

KEY OFFICERS

As of 30 September 2014, the key officers of the Company are:

Name	Position
Jaime Augusto Zobel de Ayala	Chairman of the Board
Arthur R. Tan	President and Chief Executive Officer Member of the Board
Jerome S. Tan	Chief Financial Officer
Linardo Z. Lopez	Senior Managing Director, Global Head of Materials & Supply Chain
Gilles Bernard	Global COO, Head of Global Operation Support
Anthony Raymond P. Rodriguez	Assistant Vice President, Head - Treasury & Credit
Solomon M. Hermosura	Corporate Secretary
Nimfa Ambrosia L. Perez-Paras	Assistant Corporate Secretary

Jerome S. Tan, Singaporean, 52, is the Global Chief Financial Officer of IMI since January 2011. He oversees Finance, Treasury, Credit, Controllership and ICT functions of the IMI global operation. He brings more than 25 years of broad-based experience and various achievements in finance, strategic planning, business development and acquisition/integration. He has assumed regional leadership roles in multinational Banking and Finance companies, and Food and Beverage industry located in different regions in the Asia Pacific. Prior to joining IMI, he was connected with NBC Universal, the media unit of General Electric Corporation by serving as the CFO of the TV Group and was responsible for the overall Finance function in Asia Pacific for CNBC and Universal Network. He also held various regional and country finance leadership roles with GE Money including CFO positions with GE Money Singapore and GE Money Bank in the Philippines, and Asia ex-Japan Financial Planning and Analysis Head based in Hong Kong and Thailand. He was also a key member of the management team of San Miguel Brewing International Ltd., managing Treasury and Financial Planning, and Regional Business Planning and Development. Before his exposure in the food and beverage industry, he was an Assistant Director in First Pacific Bank Asia, Ltd., in Hong Kong. He started his career as an Associate in Robert Fleming, Inc., in New York City, USA.

Linardo Z. Lopez, Filipino, 56, joined IMI as Senior Managing Director and Global Head of Materials and Supply Chain in March 2008 and has served as such up to the present. He spent a significant part of his career in OEM and contract manufacturing industries, notably with industry leaders such as Solectron and Flextronics in China.

Gilles Bernard, French, 57, is the Global Chief Operating Officer of IMI effective February 2014. He holds this position on top of his role as Head of Global Operations Support. Before this movement, he was the COO for Europe and Mexico operations and Head of Global Operations support overseeing global Materials Management, Quality, Sales and Key Strategic Accounts Management. Prior to joining IMI, he was the General Manager of EPIQ NV from 1995 up to 2001, before he assumed the CEO post in 2001. He held this position until EPIQ NV's acquisition in 2011. He started his career as a development engineer and later on became D & D Manager of passive components division of Thomson. He then moved to the SMEE subsidiary of Mitsubishi Corporation as Quality Manager of SMEE.

Anthony Raymond P. Rodriguez, Filipino, 46, is an Assistant Vice President and Head of Treasury and Credit of IMI since February 2009. Prior to IMI, he has gained nineteen (19) years of extensive professional experience from Banco de Oro – EPCI Bank as Senior Dealer –FX and Derivatives Desk and from Far East Bank & Trust Co. as International Desk Head for Treasury Marketing.

Solomon M. Hermosura, Filipino, 51, has been the Corporate Secretary of IMI since November 29, 2013. He is a Managing Director of Ayala Corporation and a member of its Management Committee and the Ayala Group Management Committee. He is also the Group Head of Corporate Governance, General Counsel, Compliance Officer, and Corporate Secretary of Ayala Corporation. He is the CEO of Ayala Group Legal. He serves as Corporate Secretary of Ayala Land, Inc., Globe Telecom, Inc., Manila Water Company, Inc., and Ayala Foundation, Inc., and as a member of the Board of Directors of a number of companies in the Ayala group.

Nimfa Ambrosia L. Perez-Paras, Filipino, 48, is a Senior Counsel of Ayala Group Legal. She also holds the position of Corporate Secretary of Accendo Commercial Corporation, Adauge Commercial Corporation, ALI Makati Hotel and Residences, Inc., ALI Makati Hotel and Property, Inc., ALI Triangle Hotel Ventures, Inc., APRISA Business Process Solutions, Inc., Aviana Development Corporation, Ayala Hotels, Inc., Ayala Land International Sales, Ayala Theaters Management, Inc., Ayalaland Hotels and Resorts Corp., Berkshires Holdings, Inc., Bonifacio Estate Services Corporation, Bonifacio Global City Estate Association, Bonifacio Hotel Ventures, Inc., Bonifacio Land Corporation, Bonifacio Transport Corporation, Cagayan De Oro Gateway Corp., Cebu Insular Hotel Co., Inc., CMPI Holdings, Inc., CMPI Land, Inc., Columbus Holdings, Inc., Ecosouth Hotel Ventures, Inc., Ecozone Power Management, Inc., Emerging City Holdings, Inc., Enjay Hotels, Inc., Five Star Cinema, Inc., Greenhaven Property Ventures, Inc., Isuzu Iloilo Corporation, Lagdigan Land Corporation, Laguna Technopark Land, Inc., North Triangle Hotel Ventures, Inc., Northbeacon Commercial Corporation, Northgate Hotel Ventures, Inc., Philippine Familymart CVS, Inc., PSi Technologies, Inc., South Innovative Theater Management, Inc., Southcrest Hotel Ventures, Inc., Station Square East Commercial Corporation, Technopark Land, Inc., Tower One and Exchange Plaza

Condominium Corporation and other companies within the Ayala group and as Assistant Corporate Secretary of Ace Dinginin GP Corporation, Ace Mariveles GP Corporation, Alabang Commercial Corporation, Alveo Land Corporation, Amaia Land Corporation, Ayala Foundation Inc., Cebu Holdings, Inc., Cebu Property Ventures Development Corporation, Direct Power Services, Inc., Fort Bonifacio Development Corporation, Integrated Micro-Electronics, Inc., Makati Development Corporation, North Triangle Depot Commercial Corporation, Nuevocentro, Inc., Philippine Integrated Energy Solutions, Inc.. Prior to joining Ayala Group Legal in February 2014, she was a State Counsel at the Department of Justice. She also worked at the Regional Trial Courts of Makati and Quezon City. In the private sector, she worked as Legal Counsel for Coca-Cola Bottlers Philippines, Inc., RFM Corporation, and Roasters Philippines, Inc.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this Prospectus: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time, (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses, (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

CORPORATE GOVERNANCE

The Company submitted its Revised Manual on Corporate Governance to the SEC on 31 July 2014in compliance with SEC Memorandum Circular No. 9, series of 2014. The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in its Corporate Governance Manual. An evaluation system has been established by the Company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance.

The Company applies conservative financial and operational controls in the management of its business risks. Organizationally, the lead director/chief operating officer/chief risk officer has ultimate accountability and responsibility to ensure risk management initiatives at subsidiaries operating in various countries all over the world are aligned with the Company and is responsible for submission of risk reports to ensure key risks are well understood, assessed, measured, and reported. The internal audit unit provides support by regularly processing audits and improvements.

The Audit & Risk Committee of the Board meets regularly and performs its oversight role in managing the risks involved in the operations of the Company. The Board appointed a Chief Risk Officer who oversees the entire risk management function and is responsible for overall continuity.

In terms of internal control risks, control mechanisms, systems and policies had been put in place in order to address any control lapses. The Audit & Risk Committee sees to it that these internal control risks are properly addressed through strict compliance with these system controls, policies and procedures. Moreover, the Company has a culture and systems for transparency, corporate governance, disclosure, and checks-and-balances between various decision-making personnel that minimize the risks described above.

The Company has adopted various Risk Management Policies such as hedging policy to protect its position on different currencies against movements of the U.S. dollars. Limits on business transactions have been set with different sites following the Company guidelines on limit of authorities granted to Company officers and executives. The Company has also introduced and adopted the Enterprise Risk Management program that will identify the universe of risks related to the business and draw action plans to mitigate and manage the risk exposures.

The Company signs unilateral and bilateral agreements with customers, vendors, and partners to restrict or limit the use of the recipient of confidential information.

EVALUATION SYSTEM AND COMPLIANCE

As part of its system for monitoring and assessing compliance with the Manual and the SEC Code of Corporate Governance, each committee is required to report regularly to the Board of Directors and the Manual is subject to quarterly review. The Compliance Officer is responsible for determining and measuring compliance with the Manual and the SEC Code of Corporate Governance. Any violation of the Company's Corporate Governance Manual shall subject the responsible officer or employee to the following penalties:

- For a first violation, the offender shall be reprimanded.

- For a second violation, suspension from office shall be imposed on the offender. The duration of suspension shall depend on the gravity of the violation. This penalty shall not apply to the members of the Board of Directors.

- For a third violation, the maximum penalty of removal from office shall be imposed on the offender. The commission of a third violation by any member of the board or the Company or its Subsidiaries and affiliates shall be sufficient cause for removal from directorship. In case the offender is a member of the Board of Directors, the provisions of Section 28 of the Philippine Corporation Code shall be observed.

COMMITTEES OF THE BOARD

The Board created and appointed Board members to each of the committees set forth below. Each member of the respective committees named below holds office as of the date of this Prospectus and will serve until his successor is elected and qualified.

Executive Committee
Delfin L. Lazaro - Chairman
Rafael Ma. C. Romualdez – Vice Chairman
Arthur R. Tan – Member

Audit and Risk Committee
Edgar O. Chua - Chairman
Rafael Ma. C. Romualdez - Member
Delfin C. Gonzalez, Jr. - Member

Nomination Committee
Fernando Zobel de Ayala - Chairman
Jose Ignacio A. Carlos - Member
Alelie T. Funcell - Member

Compensation Committee
Jaime Augusto Zobel de Ayala - Chairman
Delfin L. Lazaro - Member
Rafael Ma. C. Romualdez - Member

Finance Committee
Delfin C. Gonzalez, Jr. – Chairman
John Eric T. Francia – Member
Rafael Ma. C. Romualdez – Member
Hiroshi Nishimura—Member

EXECUTIVE COMPENSATION SUMMARY

Compensation

The following are the Company's President and four (4) most highly compensated officers for the period ended 31 July 2014:

Name	Position
Arthur R. Tan	President and Chief Executive Officer
Linardo Z. Lopez	Senior Managing Director, Global Head of Materials & Supply Chain
Gilles Bernard	Global COO, Head of Global Operations Support
Jerome S. Tan	Global Chief Finance Officer
Anthony Raymond P. Rodriguez	AVP, Head of Treasury and Credit

The following table identifies and summarizes the aggregate compensation (actual and expected) of the Company's President and CEO and the four most highly compensated officers of the Company in 2012, 2013, and 2014:

	Year	Total[1] (₱)
President and the four most highly compensated officers named above..	2012	84.20
	2013	80.78
	2014[2]	86.45
Aggregate compensation paid to all other officers as a group unnamed..	2012	393.85
	2013	464.26
	2014[2]	493.50

Note:
(1) Includes salary, bonuses and other income.
(2) Estimated aggregate compensation expected to be paid for the Company on a consolidated basis in 2014

Compensation of Directors

Other than payment of reasonable per diem of ₱100,000 per Director for every meeting of the Board of Directors and ₱20,000 per Director for every Audit Committee and Finance Committee meeting, there are no standard arrangements pursuant to which Directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a Director for 2014.

FAMILY RELATIONSHIPS

Jaime Augusto Zobel de Ayala, Chairman of the Board of Directors, and Fernando Zobel de Ayala, a Director of the Company, are brothers. Jose Ignacio A. Carlos and Rafael Ma. C. Romualdez, both incumbent directors, are first cousins.

There are no known family relationships between the current members of the Board of Directors and key officers other than the above.

EMPLOYMENT CONTRACTS

The Company and its Subsidiaries have executed pro-forma employment contracts with its Staff and Officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

There are no arrangements for compensation to be received by these named executive officers from the Company in the event of a change in control.

WARRANTS AND OPTIONS OUTSTANDING

The Group has an ESOWN which is a privilege extended to the Group's eligible managers and staff whereby the Group allocates up to 10% of its authorized capital stock for subscription by said personnel under certain terms and conditions stipulated in the ESOWN. Under the ESOWN, for as long as the Group remains privately-owned, the subscription price of the shares granted shall be determined based on the multiples of net book value, earnings before income tax, depreciation and amortization and net income of ten (10) comparable Asian EMS companies as at the close of the calendar year prior to the grant. Once the Parent Company becomes publicly listed, the subscription price per share shall be based on market price with a discount to be determined by the Compensation Committee of the BOD of the Parent Company at the date of grant.

To subscribe, the grantee must be an eligible participant as defined in the ESOWN. However, should the grantee cease to be employed by or connected with the Group before the full payment is made for the subscribed shares, the remaining balance becomes due and demandable upon separation, except for special circumstances as provided for by the ESOWN. In such instances, the grantee/heirs may be allowed to continue paying for the balance for the duration of the original payment period. If the grantee is separated for cause, shares not fully paid will be forfeited and whatever the amount the grantee has partially paid will be returned to him with no interest, if fully paid prior to separation, the shares shall be subject to the Right to Repurchase. If the grantee separates voluntarily, fully vested but not fully paid shares may be paid for in full upon separation subject to Right to Repurchase, and payments made for subscribed shares up to the time of separation may be converted into the equivalent number of shares based on the stipulated subscription price when the shares were availed of. If the grantee separates involuntarily, shares not fully paid for, whether fully vested or not, may be paid for in full within ninety (90) days from separation subject to the Right to Repurchase, and payments made for subscribed shares up to the time of separation may be converted into the equivalent number of shares based on the stipulated subscription price.

A subscription is declared delinquent when the minimum payment required remains unpaid one month after the due date. Any cash dividend of a delinquent subscription will be applied to pay the subscription due. Stock dividends paid while the subscription is delinquent will only be released to the grantee when the delinquent account is paid. If the account is still delinquent 60 days after the due date, the remaining shares are forfeited and the employee will not be eligible for future ESOWN grants.

PRINCIPAL SHAREHOLDERS

Principal Shareholders

The following table sets forth the holders of the Company's shares as of 30 September 2014.

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	Percent of outstanding Shares
Preferred	Ayala Corporation[1] 34/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Ave., Makati City	Ayala Corporation[2]	Filipino	1,064,899,372	36.2942%
Common				180,492	0.0062%
Common	AYC Holdings, Ltd.[3] 33/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Ave., Makati City	AYC Holdings, Ltd.[4]	BVI	945,537,373	32.2260%
Common	PCD Nominee Corporation (Filipino)[5] 37/F Tower One, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	Resins, Inc.[6]	Filipino	239,412,304	8.1597%
Preferred	Resins, Inc.[7] E. Rodriguez Ave., Pasig City	Resins, Inc.[6]	Filipino	222,222,107	7.5738%
Common	EPIQ NV[8] Transportstraat 1, 3980 Tessenderlo, Belgium	EPIQ NV[9]	Belgian	200,000,000	6.8165%

[1]The Chairman of Ayala Corporation (AC), Jaime Augusto Zobel de Ayala, is the Chairman of the Company.
[2]The Board of Directors of AC has the power to decide how AC's shares in IMI are to be voted. Mr. Jaime Augusto Zobel de Ayala has been named and appointed to exercise the voting power.
[3]AYC Holdings, Ltd. (AYC) is a stockholder of the Company.
[4]The Board of Directors of AYC has the power to decide how AYC's shares in IMI are to be voted. Mr. Jaime Augusto Zobel de Ayala has been named and appointed to exercise the voting power.
[5]The PCD is not related to the Company.
[6]Resins, Inc. (Resins) is a customer of a participant of PCD. The Board of Directors of Resins has the power to decide how Resins shares in IMI are to be voted. Mr. Jose Ignacio A. Carlos is usually appointed to exercise the voting power.
[7]Resins is not related to the Company.
[8]EPIQ NV is a stockholder of the Company.
[9]The Board of Directors of EPIQ NV has the power to decide how EPIQ NV shares in IMI are to be voted.

Common Stockholders				
	Name of Stockholder	**Subscribed**	**Paid-up**	**Percent of Ownership**
1.	AYC Holdings, Ltd.	945,537,373	945,537,373	57.8636%
2.	PCD Nominee Corporation (Filipino)	311,659,393	311,659,393	19.0724%
3.	EPIQ NV	200,000,000	200,000,000	12.2393%
4.	POMS Investment PTE Ltd.	57,339,671	57,339,671	3.5089%
5.	2007 ESOWN Subscription	30,762,413	-	1.8825%
6.	ESOWN Trust Account	23,546,110	-	1.4409%
7.	2009 ESOWN Subscription	20,173,534	-	1.2345%
8.	PCD Nominee Corporation (Non-Filipino)	11,781,685	11,781,685	0.7209%
9.	SIIX Corp.	6,581,622	6,581,622	0.4027%
10.	Chow PhuiKheong	3,164,906	3,164,906	0.1936%
11.	2004 ESOWN Subscription	3,090,040	-	0.1890%
12.	Kwok Kai Ming	1,698,768	1,698,768	0.1039%
13.	Josef Pfister	1,415,860	1,415,860	0.0866%
14.	Rafael Nestor Velez Mantaring	1,057,930	1,057,930	0.0647%
15.	Timothy Patterson	955,696	955,696	0.0584%
16.	Richard D. Bell	910,572	910,572	0.0557%
17.	Helmut Baumgart	865,448	865,448	0.0529%
18.	Maria Rosa L. Santos	750,000	750,000	0.0458%
19.	Reynaldo N. Bartolome	550,000	550,000	0.0336%
20.	Lucrecio B. Mendoza	540,245	540,245	0.0330%

Preferred Stockholders				
	Name of Stockholder	**Subscribed**	**Paid-up**	**Percent of Ownership**
1.	Ayala Corporation	1,064,899,372	1,064,899,372	81.9153%
2.	Resins, Inc.	222,222,107	222,222,107	17.0940%
3..	SIIX Corp.	6,047,392	6,047,392	0.4652%
4..	Helmut Baumgart	1,062,122	1,062,122	0.0817%
5.	Andrew C. Carreon	1,043,400	1,043,400	0.0803%
6.	Meneleo J. Carlos, Jr.	855,000	855,000	0.0658%
7.	Neilson C. Esguerra	500,000	500,000	0.0385%
8..	Ceferino L. Follosco	426,720	426,720	0.0328%
8.	Francisco I. Ferrer	426,720	426,720	0.0328%
9.	Josef Pfister	362,824	362,824	0.0279%
10.	Transtechnology Pte Ltd.	280,092	280,092	0.0215%
11.	Claudio Truzzi	208,680	208,680	0.0161%
12.	Mary Ann S. Natividad	200,000	200,000	0.0154%
13.	Rosalyn O. Tesoro	177,492	177,492	0.0136%
14.	Sherly D. del Carmen	121,920	121,920	0.0094%
15.	Peter Lausen	104,340	104,340	0.0080%
16.	Ceferina S. Santos	100,000	100,000	0.0077%
16.	Reynaldo N. Torda	100,000	100,000	0.0077%
17.	Fe R. Gonzales	80,000	80,000	0.0061%
18.	Maribeth D. Gamao	73,080	73,080	0.0056%
19.	Khalid S/O Faiz Mohamed	56,018	56,018	0.0043%
20.	Noelito A. Gamao	51,920	51,920	0.0040%

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

The following table illustrates the security ownership of certain record and beneficial owners (of more than 5%) as of 30 September 2014.

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	Percent of outstanding Shares
Preferred	Ayala Corporation[1] 34/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Ave., Makati City	Ayala Corporation[2]	Filipino	1,064,899,372	36.2942%
Common				180,492	0.0062%
Common	AYC Holdings, Ltd.[3] 33/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Ave., Makati City	AYC Holdings, Ltd.[4]	BVI	945,537,373	32.2260%
Common	PCD Nominee Corporation (Filipino)[5] 37/F Tower One, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	Resins, Inc.[6]	Filipino	239,412,304	8.1597%
Preferred	Resins, Inc.[7] E. Rodriguez Ave., Pasig City	Resins, Inc.[6]	Filipino	222,222,107	7.5738%
Common	EPIQ NV[8] Transportstraat 1, 3980 Tessenderlo, Belgium	EPIQ NV[9]	Belgian	200,000,000	6.8165%

[1]The Chairman of Ayala Corporation (AC), Jaime Augusto Zobel de Ayala, is the Chairman of the Company.

[2]The Board of Directors of AC has the power to decide how AC's shares in IMI are to be voted. Mr. Jaime Augusto Zobel de Ayala has been named and appointed to exercise the voting power.

[3]AYC Holdings, Ltd. (AYC) is a stockholder of the Company.

[4]The Board of Directors of AYC has the power to decide how AYC's shares in IMI are to be voted. Mr. Jaime Augusto Zobel de Ayala has been named and appointed to exercise the voting power.

[5]The PCD is not related to the Company.

[6]Resins, Inc. (Resins) is a customer of a participant of PCD. The Board of Directors of Resins has the power to decide how Resins shares in IMI are to be voted. Mr. Jose Ignacio A. Carlos is usually appointed to exercise the voting power.

[7]Resins is not related to the Company.

[8]EPIQ NV is a stockholder of the Company.

[9]The Board of Directors of EPIQ NV has the power to decide how EPIQ NV shares in IMI are to be voted.

The following table illustrates the security ownership of directors and management as of 30 September 2014.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of All Class
Directors					
Common	Jaime Augusto Zobel de Ayala	100	direct	Filipino	0.0000%
Common	Fernando Zobel de Ayala	100	direct	Filipino	0.0000%
Common	Delfin L. Lazaro	100	direct	Filipino	0.0000%
Common	Arthur R. Tan	7,279,252	direct & indirect	Filipino	0.2481%
Common	Rafael Ma. C. Romualdez	115	direct	Filipino	0.0000%
Common	Jose Ignacio A. Carlos	115	direct	Filipino	0.0000%
Common	Edgar O. Chua	100	direct	Filipino	0.0000%
Common	Delfin C. Gonzalez, Jr.	100	direct	Filipino	0.0000%
Common	Hiroshi Nishimura	115	direct	Japanese	0.0000%
Common	Alelie T. Funcell	115	direct	Filipino	0.0000%
Common	John Eric T. Francia	100	direct	Filipino	0.0000%
CEO and Most Highly Compensated Officers					
Common	Arthur R. Tan	7,279,252	direct & indirect	Filipino	0.2481%
Common	Linardo Z. Lopez	3,100,580	direct & indirect	Filipino	0.1057%
Common	Anthony Raymond P. Rodriquez	172,561	direct & indirect	Filipino	0.0059%
Common	Jerome S. Tan	0		Singaporean	0.0000%
Common	Gilles Bernard	0	direct & indirect	French	0.0000%
Other Executive Officers					
Common	Solomon M. Hermosura	220,115	direct & indirect	Filipino	0.0075%
Common	Nimfa Ambrosia L. Perez-Paras	0		Filipino	0.0000%
All Directors and Officers as a group		**10,773,568**			**0.3672%**

None of the members of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

The Company knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

No change of control in the Company has occurred since the beginning of its last fiscal year.

As of 30 September 2014, 10.15% of IMI's common shares were owned by the public.

CHANGE IN CONTROL

As of the date of this Prospectus, there are no arrangements which may result in a change in control of the Company.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities.

Terms and Conditions of Transactions with Related Parties

Outstanding balances at period-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the seven months ended 31 July 2014 and 2013, and year ended 31 December 2013, the Group has not recorded any impairment on loans and receivables relating to amounts owed by related parties. Impairment assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

In the ordinary course of business, the Group transacts with its related parties. The transactions and balances of accounts with related parties follow:

As of 31 July 2014 and 2013, and 31 December 2013, the Group maintains current and savings accounts with BPI as amounting to US$0.91 million, US$1.02 million and US$0.77 million, respectively.

Total interest income earned from investments with BPI amounted to US$299 and US$1,848 for the seven months ended 31 July 2014 and 2013, respectively.

BPI Capital Corporation, the Issue Manager, Bookrunner and Lead Underwriter, is a wholly-owned subsidiary of the Bank. BPI Capital Corporation is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity securities, project finance, and direct equity investment. BPI Capital Corporation commenced operations in December 1994.

BPI Capital provides certain services to the Company and certain members of the Group on usual commercial terms. All services provided by BPI Capital in connection with the Offer have been provided as an independent contractor on an arms-length basis, subject to approval by a related party transactions committee within the Bank to ensure that the terms of any engagement are within the required standards for corporate governance consistent with the management of each party as an independent entity.

Outstanding balances of the Group's related party transactions with its affiliates follow:

	Receivables			**Payables**		
	31 July 2014	31 July 2013	31 December 2013	**31 July 2014**	31 July 2013	31 December 2013
Narra VC	**110**	110	110	**–**	–	–
TLI	**72**	10	17	**–**	–	–
BPI	**22**	214	92	**–**	–	18
Globe Telecom, Inc.(GTI)	**–**	–	–	**42**	3	1
Communication Inc. (ICI)	**–**	–	–	**37**	9	18
Ayala Group Legal (AG Legal)	**–**	–	–	**–**	10	5
	204	334	219	**79**	22	42

In US$ thousands

PSi's outstanding receivables from Narra VC are nontrade in nature and represent payments made by PSi to settle the Pre-Completion Liabilities and which will be later reimbursed from the New Investors.

Receivables from TLI are nontrade in nature and pertain to advances by the Parent Company for various expenses incurred by TLI, primarily on real property taxes and corporate secretarial services. These are reimbursable with a 30-day term.

Receivables from BPI are nontrade in nature and pertain to retirement and separation pay advanced by the Parent Company but reimbursable from the trust fund with BPI. These are noninterest-bearing and are due quarterly.

Payables to BPI are nontrade in nature and pertain to outstanding housing and automobile financing loans. The outstanding housing and automobile financing loans arise from timing differences of the remittances by the Parent Company to BPI and the period of withholding from employee salaries and wages. The loan reductions are remitted on a monthly basis.

Payables to GTI pertain to billings for software and WiFi connections. These are due and demandable.

Payables to ICI are nontrade in nature and pertain to leased lines, internet connections and automated teller machines connections. These are noninterest-bearing and are due every month.

Payables to AG Legal are nontrade in nature and pertain to legal services provided to the Parent Company and PSi. These are noninterest-bearing and are due within 30 days.

Outstanding balances of related party transactions within the Group are as follows:

	Receivables			**Payables**		
	31 July 2014	31 July 2013	31 December 2013	**31 July 2014**	31 July 2013	31 December 2013
IMI EU/MX Subsidiaries	**18,587**	12,832	14,706	**–**	1	–
STEL Group	**17,482**	18,407	24,204	**4,728**	2,644	8,390
PSi	**12,389**	8,841	11,320	**415**	415	415
IMI Singapore	**1,010**	1,010	1,010	**–**	–	–
IMI Japan	**980**	979	980	**600**	647	713
IMI USA	**250**	250	250	**181**	277	289
IMI ROHQ	**145**	8	253	**1,296**	889	1,212
	50,843	42,327	52,723	**7,220**	4,873	11,019

In US$ thousands

Receivables from STEL, IMI EU/MX Subsidiaries, PSi, IMI Singapore, IMI Japan and IMI USA are nontrade in nature and pertain to operating cash advances made by the Parent Company.

Advances to STEL, IMI Singapore, IMI Japan and IMI USA are noninterest-bearing and are due on demand.

Advances to PSi, IMI MX and IMI CZ have a 90-day term subject to interest rates ranging from 2.54% to 3.08%, 2.40% to 3.24 for the seven months ended 31 July 2014 and 2013, respectively.

Receivables from IMI ROHQ are nontrade in nature and represent the retirement expense for IMI ROHQ's employees to be funded by the Parent Company upon availment. These receivables are due on demand.

Payables to STEL Group pertain to various expenses of the Parent Company advanced by the former in relation to business travel expenses of the Parent Company's personnel. These advances are noninterest-bearing and are payable on demand.

Payables to PSi represent payments to settle certain liabilities that had arisen prior to the entry of the New Investors and which have been identified as the Pre-Completion Liabilities. Pursuant to the Agreement, the Old Investors and the New Investors shall reimburse PSi for these payments to the extent of two-thirds (2/3) and one-third (1/3) of the amounts, respectively, for the first US$3.00 million of the Pre-Completion

Liabilities, with the Old Investors absorbing any amount in excess, but only to the extent of the value of the shares that will be eventually sold to the New Investors under the put and call options provision.

Payables to IMI Japan and IMI USA are trade in nature and pertain to the services rendered by IMI Japan and IMI USA. These receivables are with a 30-day term.

Payables to IMI ROHQ are nontrade in nature and pertain to services provided by IMI ROHQ to the Parent Company and PSi which serves as a supervisory, communications and coordinating center for its affiliates.

Revenue/income and expenses from the Group's affiliates are as follows:

	Revenue/Income		**Expenses**	
	31 July		**31 July**	
	2014	2013	**2014**	2013
MWAP	**6**	6	**–**	–
TLI	**4**	4	**649**	16
BPI	**1**	2	**–**	–
AG Legal	**–**	–	**39**	53
ICI	**–**	–	**37**	55
GTI	**–**	–	**42**	40
	11	12	**767**	164

In US$ thousands

Revenue/income from its affiliates pertain to the following transactions:

- Rental income earned by STEL from lease of its office premises.
- In 2013, the Parent Company and TLI entered into a service agreement for the Parent Company to provide TLI administrative services such as professional, clerical, financial and accounting services. The administrative services shall be for a period of three years, commencing on 2 January 2013 up to 31 December 2015, renewable upon mutual agreement by both parties. The fixed monthly service fee is ₱30,000, inclusive of all taxes.
- Interest income earned from investments and gain on foreign currency forwards with BPI.

Expenses incurred from related party transactions include:

- Rental expense from the lease contract with TLI.
- Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
- Building rental, leased lines, internet connections and ATM connections with ICI.
- Billings for cellphone charges and WiFi connections with GTI.

Revenue and expenses eliminated at the Group level are as follows:

	Revenue/Income		**Expenses**	
	31 July		**31 July**	
	2014	2013	**2014**	2013
IMI ROHQ	**2,394**	2,629	–	–
IMI USA	**1,634**	1,356	–	–
IMI Japan	**562**	497	–	–
STEL	–	–	**148**	258
IMI EU/MX	–	–		
Subsidiaries			**252**	168
PSi	–	–	**169**	108
	4,590	**4,482**	**569**	**534**

In US$ thousands

Intercompany revenues mainly pertain to billings of IMI USA and IMI Japan to the Parent Company for recovery costs and billings for management salaries of key management personnel under IMI ROHQ.

Expenses incurred from related party transactions include interest expense of PSi, IMI MX, and IMI CZ from loans granted by the Parent Company.

The foregoing information on Related Party Transactions is provided under Note 31 of the audited interim financial statements.

DESCRIPTION OF THE SHARES

The shares to be offered shall be Common Shares of the Company.

Pursuant to its articles of incorporation as amended on 12 August 2010, the Company has an authorized amount of capital stock of ₱3,750,000,000 divided into 2,250,000,000 Common Shares and 1,500,000,000 Preferred Shares, both with a par value of ₱1.00 per share each. As of 31 August 2014, 1,634,078,073 Common Shares and 1,300,000,000 Preferred Shares are outstanding and fully paid. The Offer Shares are Common Shares of the Company.

The Offer Shares shall be offered at a price of ₱7.50 per Offer Share. The determination of the Offer Price is further discussed on page 54 of this Prospectus. Assuming full exercise of the Oversubscription Option, a total of up to 1,934,078,073 Common Shares will be outstanding after the Offer. The Offer Shares will comprise up to 15.5% of the outstanding Common Shares after the Offer.

Objects and Purposes

The Company has been organized primarily to undertake the production and manufacture of any and all types of electronic products, and provide services thereto. It is authorized to, whether directly or indirectly through its subsidiaries, affiliate organizations, or correspondent enterprises, fabricate, manufacture, import, purchase, lease, or acquire in any other manner raw materials and supplies, and machines and equipment for the processing, manufacture, production, and/or packaging of electronic products, and provide specialized and professional services in the field of electronics.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation. Subject to the approval by the Philippine SEC, it may increase or decrease its authorized capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued have a par value of ₱1.00 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the Philippine SEC, a corporation may increase or decrease its authorized capital shares, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has Unrestricted Retained Earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below), and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

Voting Rights

The Company's Shares have full voting rights. However, the Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights

Under the Philippine Corporation Code, dividends may be paid out of the Unrestricted Retained Earnings of the Company as and when the Board of Directors may elect, subject to legal requirements. The Unrestricted Retained Earnings represent the undistributed earnings of the Company which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends. Dividends are payable to all shareholders on the basis of outstanding shares of the Company held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

See "Dividends and Dividend Policy" beginning on page 51 of this Prospectus.

Pre-Emptive Rights

The Philippine Corporation Code confers pre-emptive rights on the existing shareholders of a Philippine corporation which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

The articles of incorporation of the Company deny the pre-emptive rights of its shareholders to subscribe to any or all dispositions of any class of shares.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

Appraisal Rights

The Philippine Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class,

- the extension of the term of corporate existence,
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation,
- a merger or consolidation, and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting shareholder unless the corporation has Unrestricted Retained Earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Right of Inspection

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a Philippine corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certificate by an independent certified public accountant.

Board of Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business conducted, and its property controlled by the Board. Pursuant to its articles of incorporation, as amended, the Company shall have 11 Directors, three of whom are independent Directors within the meaning set forth in Section 38 of the SRC. The Board shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital shares of the Company are present, either in person or by proxy.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. Directors may only act collectively, individual directors have no power as such. Six directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Any vacancy created by the death, resignation or removal of a director prior to expiration of such director's term shall be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum, Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The By-laws of the Company provide for annual meetings on any date of April of each year to be held at the principal office of the Company and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by either a majority of the Board of Directors or at the request of shareholders representing one-third of the subscribed capital,.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date, and time of the meeting, and the purpose or purposes for which the meeting is called. The Company's By-laws provide that notices of the time and place of the annual and special meetings of the shareholders shall be given either by mailing the same, addressed to each shareholder of record at the address left by such shareholder with the Secretary of the Company, by delivering the same to him in person, or by sending electronically or by e-mail to each shareholder who have consented to receive notices, information, or documents in such form at least 15 days before the date set for such meeting. Notice to any special meeting must state, among others, the matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the shareholders present, entitled to vote. No notice of meeting need be published in any newspaper, except when necessary to comply with the special requirements of the Philippine Corporation Code. Shareholders entitled to vote may, by written consent, waive notice of the time, place, and purpose of any meeting of shareholders and any action taken at such meeting pursuant to such waiver shall be valid and binding. When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Quorum

Unless otherwise provided by an existing shareholders' agreement or by law, in all regular or special meeting of shareholders, a majority of the outstanding capital shares must be present or represented in order to constitute a quorum, except in those cases where the Philippine Corporation Code provides a greater percentage vis-à-vis the total outstanding capital shares. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of shares shall be presented.

Pursuant to the Company's By-laws, the chairman of the board, or in case of his absence or disability, the vice chairman of the board, may then call to order any meeting of the shareholders, and proceed to the transaction of business, provided a majority of the shares issued and outstanding be present, either in person or by proxy, but if there be no quorum present at any meeting, the meeting may be adjourned by the shareholders present from time to time until the quorum shall be obtained. If neither the chairman nor the vice chairman of the board is present, then the meeting is to be conducted by the president, and in case the latter is also absent, by the senior director or by the oldest director, if several became directors on the same date.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholder.

Fixing Record Dates

Under existing Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 or more than 30 days from the date of declaration. With respect to share dividends, the record date shall not be less than 10 or more than 30 days from the date of shareholder approval, provided, however, that the record date set shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of share dividends. In the event that share dividends are declared in connection with an increase in the authorized capital shares, the corresponding record date shall be fixed by the Philippine SEC.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary before or during the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Philippine Corporation Code, the SRC, the IRRs, and Philippine SEC Memorandum Circular No. 5 (series of 1996) issued by the Philippine SEC.

Dividends

The Common Shares have full dividend rights. Dividends on the Company's Common Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Common Shares held by them, each Common Share being entitled to the same unit of dividend as any other Common Share. Dividends are payable to shareholders whose names are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of Common Shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

Transfer of Shares and Share Register

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "PCD Nominee"). A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company. See "The Philippine Stock Market" beginning on page 148 of this Prospectus.

Philippine law does not require transfers of the Common Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. See "Philippine Taxation" beginning on page 154 of this Prospectus. All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

There are no existing provisions in the Company's amended articles of incorporation or the amended by-laws which will delay, defer, or in any manner prevent a change in control of the Company.

Issues of Shares

Subject to otherwise applicable limitations, the Company may issue additional Common Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Common Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Common Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's share transfer agent, BPI Stock Transfer Office, which will maintain the share register. Common Shares may also be lodged and maintained under the book-entry system of the PDTC. See "The Philippine Stock Market" beginning on page 146 of this Prospectus.

Mandatory Tender Offers

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least (1) 35% of any class of any equity security of a public or listed corporation in a single transaction, or (2) 35% of such equity over a period of 12 months, or (3) even if less than 35% of such equity, if such acquisition would result in ownership by the acquiring party of over 51% of the total outstanding equity, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35% would result in ownership of over 51% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (i) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser, (ii) purchases from an increase in the authorized capital shares of the target company, (iii) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor, (iv) purchases in connection with privatization undertaken by the government of the Philippines, (v) purchases in connection with corporate rehabilitation under court supervision, (vi) purchases through an open market at the prevailing market price, or (vii) purchases resulting from a merger or consolidation.

Fundamental Matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation in a meeting duly called for the purpose:

- amendment of the articles of incorporation,

- removal of directors,
- sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation,
- investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized,
- declaration or issuance of share dividends,
- delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws,
- merger or consolidation,
- dissolution,
- an increase or decrease in capital shares,
- ratification of a contract of a directors or officer with the corporation,
- extension or shortening of the corporate term,
- creation or increase of bonded indebtedness, and
- management contracts with related parties,

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Philippine SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Philippine SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

MARKET PRICE OF THE COMPANY'S STOCK AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's Common Shares are traded on the PSE under the symbol "IMI". The following table sets out, for the periods indicated, the high and low sales prices for the Company's Common Shares, as reported on the PSE:

	High (in ₱)	**Low** (in ₱)
2012		
First quarter	5.30	4.91
Second quarter	4.99	3.90
Third quarter	4.35	3.98
Fourth quarter	4.32	3.86
2013		
First quarter	4.20	3.85
Second quarter	3.85	2.92
Third quarter	3.40	1.88
Fourth quarter	3.00	2.50
2014		
First quarter	3.24	2.50
Second quarter	6.00	3.10
Third quarter	8.23	5.80

On 20 November 2014, the closing price of IMI's Common Shares on the PSE was ₱8.01 per Common Share.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters, or any of their respective subsidiaries, affiliates or advisors in connection with the offer and sale of the Offer Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system, which integrates all bids, and ask quotations from the bourses.

In June 1998, the SEC granted the Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. The PSE had an authorized capital stock of 97.8 million shares, of which 61,258,733 shares were subscribed and fully paid-up as of 30 June 2013. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member-broker allowing the use of the PSE’s trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE’s Main Board or the Small, Medium and Emerging Board. Recently, the PSE issued Rules on Exchange Traded Funds (“ETF”) which provides for the listing of ETFs on an ETF Board separate from the PSE’s existing boards. Previously, the PSE allowed listing on the First Board, Second Board or the Small, Medium and Enterprises Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated 6 June 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of the incorporation of the issuer. Each index represents the numerical average of the prices of component shares. The PSE has an index, referred to as the PHISIX, which as at the date thereof reflects the price movements of selected shares listed on the PSE, based on traded prices of shares from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of shares of 30 selected companies listed on the PSE. On July 26, 2010, the PSE launched its current trading system, PSE Trade.

With the increasing calls for good corporate governance, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

The table below sets out movements in the composite index as of the last business day of each calendar year from 1995 to 2013 and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization (in₱ billions)	Combined Value of Turnover (in₱ billions)
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.8
1997	1,869.2	221	1,251.3	586.2
1998	1,968.8	222	1,373.7	408.7
1999	2,142.9	225	1,936.5	781.0
2000	1,494.5	229	2,576.5	357.7
2001	1,168.1	231	2,141.4	159.6
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.2

Source: PSE

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Beginning 2 January 2012, trading on the PSE starts at 9:30 a.m. until 12:00 p.m., when there will be a one and a half hour lunch break. In the afternoon, trading resumes at 1:30 p.m. and ends at 3:30 p.m., including a 10-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50% or down by 50% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the company or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the company is disseminated, subject again to the trading ban.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines ("SCCP") is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the PSE,

- guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund, and

- performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after transaction date ("T+3"). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each PSE Broker maintains a Cash Settlement Account with one of the seven existing Settlement Banks of SCCP, which are Banco de Oro Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, Deutsche Bank, HSBC Philippines, Unionbank of the Philippines and Maybank. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Banco de Oro Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, Deutsche Bank, HSBC Philippines, Unionbank of the Philippines and Maybank.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCD Nominee Corporation ("PCD Nominee"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in the amended rule on Lodgment of Securities of the PSE.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.

- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering,

- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the PSE in the case of a listing by way of introduction,

- New securities to be offered and applied for listing by an existing listed company, and

- Additional listing of securities of an existing listed company.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Common Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Common Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Common Shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Common Shares in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions or treaties in effect at the date of this Prospectus. The tax treatment applicable to a holder of the Common Shares may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a holder of the Common Shares. Prospective investors of the Common Shares are urged to consult their own tax advisors as to the particular tax consequences of the ownership and disposition of the Common Shares, including the applicability and effect of any local or foreign tax laws.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen of the Philippines, a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines." A non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines, and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines. The term "dividends" under this section refers to cash or property dividends. "Tax Code" means the Philippine National Internal Revenue of 1997, as amended.

Taxes on Dividends on the Shares

Individual Philippine citizens and resident aliens are subject to a final tax on dividends derived from the Common Shares at the rate of 10%, which tax shall be withheld by the Company.

Non-resident alien individuals engaged in trade or business in the Philippines are subject to a final withholding tax on dividends derived from the Common Shares at the rate of 20% on the gross amount thereof, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile or residence of such non-resident alien individual. A non-resident alien individual not engaged in trade or business in the Philippines is subject to a final withholding tax on dividends derived from the Common Shares at the rate of 25% of the gross amount, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile or residence of such non-resident alien individual.

The term "non-resident holder" means a holder of the Common Shares:

- who is an individual who is neither a citizen nor a resident of the Philippines or an entity which is a foreign corporation not engaged in trade or business in the Philippines, and

- should a tax treaty be applicable, whose ownership of the Common Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.

Dividends derived by domestic corporations (i.e. corporations created or organized in the Philippines or under its laws) and resident foreign corporations from the Common Shares shall not be subject to tax.

Dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to final withholding tax at the rate of 30%, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident foreign corporation. The 30% rate for dividends paid to non-resident foreign corporations with countries of domicile having no tax treaty with the Philippines may be reduced to a special 15% rate if:

- the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign sourced dividends, or

- the country in which the non-resident foreign corporation is domiciled allows a credit against the tax due from the non-resident foreign corporation for taxes deemed to have been paid in the Philippines equivalent to 15%.

The BIR has prescribed, through an administrative issuance, procedures for the availment of tax treaty relief. The application for tax treaty relief has to be filed with the BIR by the non-resident holder of the Common Shares (or its duly authorized representative) prior to the first taxable event, or prior to the first and only time the income tax payor is required to withhold the tax thereon or should have withheld taxes thereon had the transaction been subject to tax. The "first taxable event" has been construed by the BIR as "payment of the dividend." Failure to file the application for tax treaty relief with the BIR prior to the first taxable event may disqualify the said application. A corporation may withhold taxes at a reduced rate on dividends paid to a non-resident holder of the Common Shares if such non-resident holder submits to the domestic corporation proof of the filing of the tax treaty relief application with the BIR prior to the payment of dividends. However, on 9 August 2013, the Philippine Supreme Court in Deutsche Bank AG Manila Branch v. CIR, G.R. No. 188550, ruled that the period of application for the availment of tax treaty relief should not operate to divest entitlement to the relief as it would constitute a violation of the duty required by good faith in complying with a tax treaty. At most, the application for a tax treaty relief to be filed with the BIR should merely operate to confirm the entitlement of the taxpayer to such relief.

The requirements for a tax treaty relief application in respect of dividends are set out in the applicable tax treaty and BIR Form No. 0901-D. These include proof of tax residence in the country that is a party to the tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the non-resident holder of Common Shares which states that the non-resident holder is a tax resident of such country under the applicable tax treaty. If the non-resident holder of Common Shares is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

If tax at the regular rate is withheld by the Company instead of the reduced rates applicable under a treaty, the non-resident holder of the Common Shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue obtaining such a refund. Moreover, in view of the requirement of the BIR that an application for tax treaty relief be filed prior to the first taxable event as previously stated, the non-resident holder of Common Shares may not be able to successfully pursue a claim for refund if such an application is not filed before such deadline.

Stock dividends distributed pro rata to any holder of shares are not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as share dividends by the holder is subject to either capital gains tax and documentary stamp tax or stock transaction tax.

Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Country	Dividends	Capital Gains Tax Due on Disposition of Common Shares Outside the PSE
	(%)	(%)
Canada	25[1]	Exempt[8]
France	15[2]	Exempt[8]
Germany	15[3]	5/10[9]
Japan	15[4]	Exempt[8]
Singapore	25[5]	Exempt[8]
United Kingdom	25[6]	Exempt[10]
United States	25[7]	Exempt[8]

Notes:

(1) 15% if the recipient company controls at least 10% of the voting power of the company paying the dividends.

(2) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends.

(3) 10% if the recipient company (excluding a partnership) owns directly at least 25% of the capital of the company paying the dividends.

(4) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends.

(5) 15% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company.

(6) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends.

(7) 20% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation. Notwithstanding the rates provided under the Republic of the Philippines-United States Treaty, residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Tax Code provided certain conditions are met.

(8 Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.

(9) Under the tax treaty between the Philippines and Germany, capital gains from the alienation of shares of a Philippine corporation may be taxed in the Philippines irrespective of the nature of the assets of the Philippine corporation. Tax rates are 5% on the net capital gains realized during the taxable year not in excess of ₱100,000 and 10% on the net capital gains realized during the taxable year in excess of ₱100,000.

(10) Under the tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

In order for an exemption under a tax treaty to be recognized, an application for tax treaty relief on capital gains tax on the sale of shares must be filed by the income recipient before the deadline for the filing of the documentary stamp tax return, which is the fifth day from the end of the month when the document transferring ownership was executed.

The requirements for a tax treaty relief application in respect of capital gains tax on the sale of shares are set out in the applicable tax treaty and BIR Form No. 0901-C. These include proof of residence in the country that is a party to the tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the seller of shares which provides that the seller is a resident of such country under the applicable tax treaty. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

Sale, Exchange or Disposition of Shares

Capital gains tax, if sale was made outside the PSE

Net capital gains realized by a resident or non-resident other than a dealer in securities during each taxable year from the sale, exchange or disposition of shares outside the facilities of the PSE, unless an applicable treaty exempts such gains from tax or provides for preferential rates, are subject to tax as follows: 5% on gains not exceeding ₱100,000.00 and 10% on gains over ₱100,000.00. An application for tax treaty relief must be filed (and approved) by the Philippine tax authorities to obtain an exemption under a tax treaty.

The transfer of shares shall not be recorded in the books of the Company unless the BIR certifies that the capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax or other conditions have been met.

Taxes on transfer of shares listed and traded at the PSE

A sale or other disposition of shares through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, is subject to a stock transaction tax at the rate of 0.5% of the gross selling price or gross value in money of the shares sold or otherwise disposed, unless an applicable treaty exempts such sale from said tax. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax. In addition, value added tax of 12.0% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client.

On 7 November 2012, the BIR issued Revenue Regulations No. 16-2012 which provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the minimum public ownership ("MPO") requirement after 31 December 2012 will be subject to capital gains tax and documentary stamp tax. It also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

On 31 December 2012, the PSE shall impose a trading suspension for a period of not more than six months, on shares of a listed company who has not complied with the Rule on MPO which requires listed companies to maintain a minimum percentage of listed securities held by the public at ten percent of the listed companies' issued and outstanding shares at all times. Companies which do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall be subject to capital gains tax and documentary stamp tax. Furthermore, if the fair market value of the shares of stock sold is greater than the consideration or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Tax Code.

Documentary Stamp Taxes on Shares

The original issue of shares is subject to documentary stamp tax of ₱1.00 on each ₱200.00 par value, or fraction thereof, of the shares issued. On the other hand, the transfer of shares is subject to a documentary stamp tax at a rate of ₱0.75 on each ₱200.00, or fractional part thereof, of the par value of the Common Shares. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the vendor or the purchaser of the Common Shares. However, the sale, barter or exchange of Common Shares listed and traded through the PSE are exempt from documentary stamp tax.

Estate and Gift Taxes

The transfer of the Common Shares upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, will be subject to Philippine estate tax at progressive rates ranging from 5% to 20% if the net estate is over ₱200,000.00.

The transfer of shares by gift or donation to a stranger (i.e. a person who is not a brother, sister, spouse, ancestor, lineal descendant or relative by consanguinity within the fourth degree of relationship) will be subject to a donor's tax at a flat rate of 30.0%. Gifts or donations to non-strangers, however, will be subject to progressive rates ranging from 2.0% to 15.0%, if the net gifts during the calendar year exceed ₱100,000.00, otherwise, such transfer will not be subject to donor's tax. Corporate registered holders are also liable for Philippine donor's tax on such transfers, but the rate of tax with respect to net gifts made by corporate registered holders is always at a flat rate of 30.0%.

Estate and gift taxes will not be collected in respect of intangible personal property, such as shares, (1) if the deceased at the time of death, or the donor at the time of donation, was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (2) if the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allow a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

Corporate Income Tax

As a general rule, a domestic corporation is subject to corporate income tax of 30.0% on its taxable income[4] from all sources within or without the Philippines. The exception, among others, would be (i) gross interest income from Philippine currency bank deposits and yields from deposit substitutes, trust funds and similar arrangements, and royalties, which are subject to a final withholding tax rate of 20.0% of the gross amount of such income, (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final 7.5% tax on the gross amount of such income.

Further, in computing the corporate income tax, effective July 6, 2008, companies are given a choice to claim itemized deductions or the optional standard deduction ("OSD"), with the former being presumed unless specific election of OSD is signified in the tax return. The OSD election is irrevocable for the taxable year for which the tax return is made. The OSD is equivalent to an amount not exceeding 40.0% of the company's gross income. For this purpose, "Gross Income" means all income derived from whatever source, including, but not limited to, compensation for service, gross income derived from the conduct of trade or business or exercise of profession, gains derived from dealings in property, interests, rent, royalties, dividends, annuities, prizes and winnings.

A minimum corporate income tax ("MCIT") of 2.0% of gross income would likewise be applicable to the Issuer, beginning on the fourth taxable year from commencement of business operations, whenever the MCIT is greater that the ordinary corporate income tax. For this purpose, "Gross Income" means gross sales less sales returns, discounts and allowances and cost of goods sold. Passive income, such as interest on bank deposits and royalties subject to final withholding tax, shall not form part of gross income for purposes of MCIT.

Nevertheless, any excess of the MCIT over the ordinary corporate income tax may be carried forward and credited against the latter for the three immediately succeeding taxable years. Further, subject to certain

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[4] Taxable income refers to the pertinent items of gross income specified in the National Internal Revenue Code of 1997, as amended (the "Tax Code") less the deductions and/or personal and additional exemptions, if any, authorized for such types of income by the Tax Code or other special laws.

conditions, the MCIT may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, or because of force majeure, or because of legitimate business reverses.

PHILIPPINE FOREIGN EXCHANGE AND FOREIGN OWNERSHIP CONTROLS

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, an investment in listed Philippine securities (such as the Common Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005), as amended, however subjects foreign exchange dealers, money changers and remittance agents to R.A. No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration document in connection with their application to purchase foreign exchange exceeding US$10,000.00 for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed on the PSE may be done directly with a custodian bank duly designated by the foreign investor. A custodian bank may be a universal or commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (i) purchase invoice, subscription agreement and proof of listing on the PSE (either or both), (ii) credit advice or bank certificate showing the amount of foreign currency inwardly remitted and converted into Pesos, and (iii) transfer instructions from the stockbroker or dealer, as the case may be.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSP registration document, (2) the cash dividends notice from the PSE and the Philippine Central Depository printout of cash dividend payment or computation of interest earned, (3) copy of secretary's sworn statement on the board resolution covering the dividend declaration and (4) detailed computation of the amount applied for in the format prescribed by the BSP. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, through the Monetary Board, with the approval of the president of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency.

The registration with the BSP of all foreign investments in any Common Shares received in exchange for Offer Shares shall be the responsibility of the foreign investor.

Foreign Ownership Controls

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies engaged in certain activities, among them the ownership of private land.

In connection with the ownership of private land, Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 4 of Commonwealth Act No.

141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

RA 7042, as amended, otherwise known as the Foreign Investments Act of 1991 and the Negative List issued pursuant thereto, reserves to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Constitution and specific laws. Section 3(a) of RA 7042 defines a "Philippine National" as:

- a citizen of the Philippines,
- a domestic partnership or association wholly-owned by citizens of the Philippines,
- a trustee of funds for pension or other employee retirement or separation benefits where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of the Philippine Nationals,
- a corporation organized under the laws of the Philippines of which at least 60.0% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, and
- a corporation organized abroad and registered as doing business in the Philippines under the Philippine Corporation Code of which 100.0% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos.

However, the Foreign Investments Act of 1991 states that where a corporation (and its non-Filipino shareholders) own stock in a SEC-registered enterprise, at least 60.0% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60.0% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

The Company does not currently own real estate. However, if the Company acquires real estate in the future, it would be subject to nationality restrictions found under the Philippine Constitution and other laws limiting land ownership to Philippine Nationals.

As of the date of this Prospectus, approximately 99.93% of the total outstanding capital stock of the Company is held by Philippine Nationals. Immediately after the completion of the Offer, foreign equity shall not exceed 40.0% of the Company's total outstanding capital stock.

PLAN OF DISTRIBUTION

At least 150,500,000 of the Offer Shares (or at least 70% of the Firm Shares) are being offered for subscription to qualified institutional buyers in the Philippines (the “QIBs”) by the Underwriters, 64,500,000 Offer Shares, or 30% of the Firm Shares, are being offered by the Underwriters at the Offer Price to all of the PSE Trading Participants and local small investors (“LSIs”) in the Philippines. The Underwriters will underwrite the Firm Shares on a firm commitment basis. There is no arrangement for the Underwriters to return any of the Firm Shares to the Company.

The PSE shall allocate approximately 43,000,000 Offer Shares, or 20% of the Firm Shares, among the PSE Trading Participants. Each PSE Trading Participant shall initially be allocated approximately 323,300 Offer Shares (computed by dividing the Trading Participants and Retail Offer Shares allocated to the PSE Trading Participants between 133 PSE Trading Participants) and subject to reallocation as may be determined by the PSE. The balance of 1,100 Offer Shares shall be allocated by the PSE to the PSE Trading Participants. In addition, approximately 21,500,000 Offer Shares, or 10% of the Firm Offer, shall be allocated to the LSIs. Any allocation of Offer Shares not taken up by the PSE Trading Participants and the LSIs shall be distributed by the Underwriters to their clients or the general public in the Philippines. Offer Shares not taken up by the QIBs, the PSE Trading Participants and LSIs, the clients of the Underwriters, or the general public shall be purchased by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

An Oversubscription Option of up to 85,000,000 Offer Shares (the “Option Shares”) shall be exercisable in whole or in part on the same terms and conditions as the Firm Shares. The Oversubscription Option, to the extent not fully exercised, shall be deemed cancelled and shall revert back to the unissued shares.

In the event of an oversubscription to the Offer, the Sole Bookrunner, Issue Manager and Lead Underwriter (as defined below), with the consent of the Company, reserves the right to increase the size of the Offer up to an additional 85,000,000 new Common Shares (the “Oversubscription Option”, and such shares, the “Option Shares”), for an aggregate Offer size of up to 300,000,000 Common Shares (the “Offer Shares”). To the extent the Oversubscription Option is exercised, the relevant Option Shares shall be offered and sold on the same terms and conditions as the Firm Shares The Oversubscription Option, to the extent not exercised during the Offer Period (as defined below), shall be deemed cancelled and the Option Shares shall remain unissued.

To facilitate the Offer, the Company has appointed BPI Capital Corporation to act as the Issue Manager, Bookrunner and Lead Underwriter, and Investment & Capital Corporation of the Philippines and SB Capital Investment Corporation to act as Participating Underwriters (the Issue Manager, Bookrunner and Lead Underwriter and the Participating Underwriters shall be collectively referred to as “Underwriters”). The Company, the Issue Manager, Bookrunner and Lead Underwriter, and the Participating Underwriters shall enter into an Underwriting Agreement to be dated on or about November 21, 2014 (the “Underwriting Agreement”), whereby the Underwriters agree to underwrite all of the Firm Shares on a firm commitment basis.

In accordance with the Underwriting Agreement, the Underwriters have agreed to underwrite _____ on a firm basis, and to distribute and sell the Offer Shares in the Offer, subject to the satisfaction of certain conditions, in consideration for certain fees and expenses.

Each of the Underwriters has committed to underwrite the Offer up to the amount indicated below:

	Amount of Commitment (in ₱)
BPI Capital Corporation	1,312,500,000.00
Investment & Capital Corporation of the Philippines	150,000,000.00
SB Capital Investment Corporation	150,000,000.00
TOTAL	**1,612,500,000.00**

BPI Capital Corporation ("BPI Capital") is a Philippine corporation organized in the Philippines as a wholly-owned subsidiary of the Bank of the Philippine Islands (the "Bank"). The Bank is effectively 48.60% owned by Ayala Corporation, the Company's principal shareholder. BPI Capital obtained its license to operate as an investment house in 1994 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of 31 December 31 2013, its total assets amounted to ₱4,287 million and its capital base amounted to ₱4,187 million. It has an authorized capital stock of ₱2.0 billion, of which approximately ₱506.4 million represents its paid-up capital. BPI Capital provides certain services to the Company and certain members of the Group on usual commercial terms. All services provided by BPI Capital in connection with the Offer have been provided as an independent contractor on an arms-length basis, subject to approval by a related party transactions committee within the Bank to ensure that the terms of any engagement are within the required standards for corporate governance consistent with the management of each party as an independent entity.

Investment & Capital Corporation of the Philippines is a Philippine corporation organized in the Philippines as an independent investment house. It obtained its license to operate as an investment house in 1988 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. Its investment banking practice includes a wide range of services including loan arrangement, project finance, underwriting of equity and debt securities, mergers and acquisitions, private placements, and financial advisory. As of December 31, 2013, its total assets amounted to ₱463 million and its capital base amounted to ₱347 million. It has an authorized capital stock of ₱300 million, all of which is paid-up.

SB Capital Investment Corporation is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. As of December 31, 2013, its total assets amounted to ₱768.02 million and its capital base amounted to ₱754.6 million. It has an authorized capital stock of ₱1.0 billion of which approximately ₱350.0 million represents its paid-up capital.

On or before November 27, 2014, the PSE Trading Participants shall submit to the designated representative of the PSE Listing Department their respective firm orders and commitments to purchase Offer Shares. Offer Shares not taken up by the PSE Trading Participants and LSIs will be distributed by the Underwriters directly to their clients and the general public and whatever remains will be purchased by the Underwriters.

With respect to the LSIs, all applications to purchase or subscribe for the Offer Shares must be evidenced by a duly accomplished and completed application form. An application to purchase Offer Shares shall not be deemed as a duly accomplished and completed application unless submitted with all required relevant information and applicable supporting documents to the Underwriters or such other financial institutions that may be invited to manage the LSI program. Payment for the Offer Shares must be made upon submission of the duly completed application form.

The Issue Manager, Bookrunner and Lead Underwriter shall receive from the Company a fee equivalent to 1.8% of the gross proceeds of the Offer, inclusive of the amounts to be paid to the Participating Underwriters and Selling Agents. The underwriting fees shall be withheld by the Issue Manager, Bookrunner and Lead Underwriter from the proceeds of the Offer. PSE Trading Participants who take up Offer Shares shall be entitled to a selling fee of 0.9% of the Offer Shares taken up and purchased by the relevant PSE Trading Participant. The selling fee, less a withholding tax of 10%, will be paid by the Issue Manager, Bookrunner and Lead Underwriter to the PSE Trading Participants within ten banking days from the Listing Date.

All of the Offer Shares shall be lodged with the PDTC and shall be issued in scripless form. Shareholders may maintain the Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Offer Shares from the PDTC's electronic system after the Listing Date.

Lock-up

The Company, AYC Holdings, Ltd., Resins, Inc. and EPIQ N.V. have agreed with the Issue Manager, Bookrunner and Lead Underwriter and the Participating Underwriters that they will not, without the prior written consent of the Issue Manager, Bookrunner and Lead Underwriter and the Participating Underwriters, issue, offer, pledge, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Shares or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of 90 days after the listing of the Offer Shares.

Selling Restrictions

No securities, except of a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the SEC on Form 12-1 and the registration statement has been declared effective by the SEC.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by Angara Abello Concepcion Regala & Cruz, legal counsel to the Company, and Romulo Mabanta Buenaventura Sayoc & de los Angeles, legal counsel to the Issue Manager, Bookrunner and Lead Underwriter and the Participating Underwriters.

Each of the foregoing legal counsel has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for securities in the Company. None of the legal counsel will receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as of and for the seven months ended 31 July 2014 and 2013 and for the years ended 31 December 2011, 2012, and 2013 were audited by SGV & Co., a member firm of Ernst & Young Global Limited, independent auditors, in accordance with PSA, as stated in their report appearing herein.

SGV & Co. has acted as the Company's external auditor since 2012. Mr. Arnel F. de Jesus is the current audit partner while Ms. Josephine Adrienne A. Abarca served the Company for the years ended 31 December 2011 to 2013. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. SGV & Co. will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees billed for the current year and each of the last two years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

	2014[c]	**2013**	**2012**
Audit and Audit-Related Fees[a]	3.36 [c]	3.36	3.2
All Other Fees[b]	0.7	1.35	–
Total	4.06	4.71	3.2

In ₱ Millions

a *Audit and Audit-Related Fees. This category includes the audit of annual financial statements and interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. This is exclusive of out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.*

b *All Other Fees. This category includes other services rendered by SGV & Co. such as tax advisory services, transfer pricing study, agreed upon procedures on review of impairment test of goodwill and validation of votes during the Annual Stockholders' Meeting*

c *Billed fees for the interim audit engagement of the Company's 31 July 2014 and 31 July 2013 interim consolidated financial statements.*

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual, which was approved by the Board of Directors on 15 December 2010 (revised on 31 July 2014), provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company, (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors, and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

INDEX TO AUDITED FINANCIAL STATEMENTS

The following pages set forth the Company's financial information as of and for the years ended 31 December 2013, 2012, and 2011 (audited), as of and for the seven months ended 31 July 2014 and 2013 (audited), and as of and for the nine months ended 30 September 2014 and 2013 (unaudited).

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