

MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS

OF

PAXYS, INC.

Held at the Manila Golf and Country Club  
Harvard Road, Forbes Park, Makati City  
on August 31, 2012 at 2:00 p.m.

CALL TO ORDER

The Chairman, Mr. Tarcisio M. Medalla called the meeting to order and presided over the same. He introduced the members of the Board of Directors who were present, namely, Roger A. Cariño, Christopher B. Maldia, Roberto Atendido and Independent Director Jose Antonio A. Lichauco. The Corporate Secretary, Atty. Mark David P. Martinez, recorded the proceedings.

PROOF OF NOTICE AND CERTIFICATION OF QUORUM

The Corporate Secretary reported that notices for the meeting had been sent to all the stockholders as provided in the By-Laws.

The Corporate Secretary announced that there were present, in person and by proxy, stockholders owning or representing at least 849,171,201 common shares or 74% of the outstanding capital stock. (The list of attendees and proxies is available at the office of the Corporation). He therefore certified that there was a quorum for the transaction of business.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The next item for business was the approval of the minutes of the previous meeting of the stockholders held on May 27, 2011, copies of which had been earlier distributed to the stockholders.

Upon motion duly made and seconded, the reading of the minutes of the previous annual stockholders' meeting was dispensed with and the same were unanimously approved.

## ANNUAL REPORT

The next matter on the agenda was the Annual Report of Management to the stockholders. The Chairman, Mr. Tarcisio M. Medalla, presented the management report, copies of which had been previously distributed to the stockholders together with the audited financial statements as of calendar year ended December 31, 2011. The financial results for the first half of 2012 ending June 30, 2012 were also discussed. The highlights of the management report are as follows:

- The US economy, the main source of business for the BPO industry, grew at a sluggish rate of 1.5% in 2011 (2010: 3%)
- Small and medium-sized BPO companies without strategic marketing partners may find it difficult to compete in this environment
- While the Philippine BPO industry is still poised to experience robust growth in the near to medium term, the industry is projected to be dominated by the large global players and multinational companies providing in-house back office processing and call center support
- Divestment of Advanced Contact Solutions, Inc. (ACS) is our proactive response to the current BPO industry
- Divestment in Paxys Australia and its subsidiaries for AU\$88.3 Million (PHP3,740 Million) significantly enhanced further your Company's liquidity in 2012
- With these divestments, your Company is left with two major operating subsidiaries: Stellar Global Solutions Phils., Inc. and Scopeworks Asia, Inc.
- 2011 Financial Performance:
  - Revenues are 10% (PhP80M) higher due to increase in AU accounts of SGSP
  - Gross Profit decreased by 32% (PhP76M) mainly due to higher Cost of Services
  - Operating Loss increased by 150% due to decrease in gross profit by PhP76M and increase in Gen & Admin Expenses by PhP67M, arising mainly from personnel costs.
- As of 31 December 2011, Paxys' current ratio stood at 1.84 and the debt-to-equity ratio was 1.10 compared with 1.34 and 1.44 at the end of

2010, respectively. By the end of Q2 2012, Paxys is highly liquid and practically debt-free with a Net Worth of PhP4.3 Billion

- The resurgence of the Philippine economy will create a number of business opportunities in the near future where investment returns will be higher than traditional BPO operations. We will also continue to explore niche business opportunities in the BPO sector.
- We are confident that attractive investment projects will be identified in the near future where the divestment proceeds can be redeployed. Other options including those that will allow the shareholders to participate in the monetization of the divestment proceeds will also be considered.

After the report, questions were entertained from the floor. The major questions asked and the responses provided by the Chairman, were as follows:

Questions	Responses
<ol style="list-style-type: none"> <li>1. What does the Company intend to do with the gain on sale of investment of PhP2.274B?</li> <li>2. What does it intend to do with the cash generated from the sale of Paxys Australia?</li> </ol>	<p>The Board is confident that attractive investment projects will be identified in the near future where the divestment proceeds can be redeployed. Other options including those that will allow the shareholders to participate in the monetization of the divestment proceeds will also be considered.</p>
<ol style="list-style-type: none"> <li>1. What is Paxys Global Services, Inc. and its role with the Group?</li> <li>2. Why does it have PhP59.3M worth of advances from Paxys, Inc.</li> <li>3. What do we intend to do about the operating expenses of PGS?</li> </ol>	<p>Paxys Global Services, Inc. (PGS) is the shared services company of the Group.</p> <p>The advances of PhP59.3M, as of 30 June 2012, were made by Paxys to PGS in order to fund PGS' operations - consisting mainly of personnel costs. We are currently looking at ways to rationalize these expenses.</p>
<ol style="list-style-type: none"> <li>1. What is the current net book value of the Company?</li> <li>2. What is our outlook on the revenues moving forward?</li> </ol>	<p>With a total net assets of PhP4.353B as of 30 June 2012, the net book value of Paxys share stand at about P3.80 per share. The Company will continue to</p>

	derive revenues from its two major operating subsidiaries - Stellar Global Solutions Philippines and ScopeWorks Asia.
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Thereafter, the Chairman requested for a motion on the Management Report. Whereupon motion made and duly seconded, the Annual Report of Management as presented by the Chairman, as well as the Company's financial statements as of December 31, 2011 and for the first half of 2012 ending June 30, 2012, were duly noted and made part of the records of the Corporation.

#### RATIFICATION OF CORPORATE ACTS

The Chairman stated that the next item on the agenda is the ratification of the acts of the Board of Directors, officers and management of the Corporation from the last annual stockholders' meeting to date. There being no questions or objections on the matter, the Chairman requested for a motion on the matter.

Whereupon motion made and duly seconded, the stockholders approved a resolution approving, confirming and ratifying all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Corporation from the date of the last annual stockholders' meeting up to the present, as set forth in the Annual Report and the audited financial statements.

#### ELECTION OF DIRECTORS

The next matter on the agenda was the election of the members of the Board of Directors of the Corporation. The Chairman announced that the table was open for nominations and the following were nominated:

1. TARCISIO M. MEDALLA
2. ROGER LEO A. CARIÑO
3. CHRISTOPHER B. MALDIA
4. LIM GHEE KEONG
5. ROBERTO A. ATENDIDO
6. SIVAM KANDAVANAM
7. MARK DAVID P. MARTINEZ

and as Independent Directors:

8. GEORGE Y. SYCIP
9. JOSE ANTONIO A. LICHAUCO

Thereafter, it was moved, seconded and unanimously resolved to close the nominations. There being only nine (9) nominees to the position of the existing nine (9) directors, the Chairman declared them to be the duly elected directors of the Corporation for the current term and until their successors shall have been elected and qualified as provided in the By-Laws.

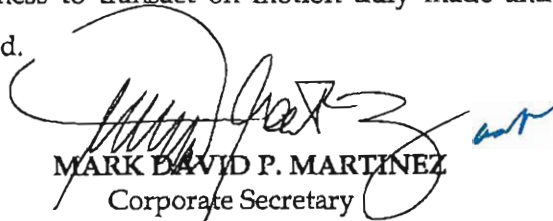
#### APPOINTMENT OF EXTERNAL AUDITORS

Thereafter, the meeting proceeded with the appointment of the external auditors of the Corporation for the current year. It was proposed to reappoint SyCip Gorres Velayo & Co. as external auditors of the Corporation for the current year. There being no questions or objections on the matter, the Chairman requested for a motion on the matter.

Upon motion made and duly seconded, the stockholders approved a resolution reappointing SyCip Gorres Velayo & Co. as the Company's external auditors for the current year.

#### ADJOURNMENT

There being no further business to transact on motion duly made and seconded, the meeting was adjourned.

  
**MARK DAVID P. MARTINEZ**  
 Corporate Secretary

ATTESTED:

  
**TARCISIO M. MEDALLA**  
 Chairman of the Stockholders' Meeting