

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

Tel (63 49) 756 6840
 Fax (63 49) 544 0322
 www.global-imi.com

January 28, 2016

Securities and Exchange Commission
 SEC Building, EDSA, Mandaluyong City

Attention: Director Vicente Graciano P. Felizmenio, Jr.
Director, Markets & Securities Regulation Department

Philippine Stock Exchange
 Philippine Stock Exchange Plaza
 Ayala Triangle, Ayala Avenue, Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: **2015 Annual Progress Report on the Use of Proceeds**

We are pleased to submit our Annual Progress Report on the application of proceeds certified by our external auditors pursuant to the Undertaking executed by Integrated Micro-Electronics, Inc. (IMI) in relation to its Follow-on Offering covering 215,000,000 common shares listed at the Philippine Stock Exchange last December 5, 2014.

Please be informed that the total proceeds amounting to PHP1.6 billion were initially placed in short-term investments in various banks (PHP 717.4 million Philippine Peso investments and \$20 million US Dollar investments). For the year ended December 31, 2015, the application of the net proceeds is broken down as follows:

Use of Proceeds	In US\$'000					
	Q1	Q2	Q3	Q4	2015	2014
Capital expenditures	2,477.6	4,859.0	3,775.5	1,709.8	12,821.9	438.2
Business expansions	1,283.3	3,886.9	1,903.9	1,596.7	8,670.8	366.0
Working capital requirements	—	—	4,344.8	655.2	5,000.0	—
Repayment of bank debt	4,500.0	—	—	500.0	5,000.0	—
Total	8,260.9	8,745.9	10,024.2	4,461.7	31,492.7	804.2

In line with the company's renewed focus on higher margin market segments, the business expansions and working capital requirements mentioned are directed towards the automotive and industrial segments.

The remaining balance of the proceeds amounting to \$3.07 million (₱144.81 million) is placed in a time deposit and earns interests at a short-term investment rate of 1.75% per annum. This is expected to be disbursed by the first quarter of 2016 for capital expenditures and business expansion to support on-going programs particularly in Mexico, China and Philippines which are expected to be completed in 2016. The Company is aware of possible changes to customer specifications. Should the Company be formally required by its customers to implement any changes, this is expected to delay and/or alter the final capital expenditures of which the balance of the proceeds forms a part. It is a part of the Company's ordinary course of business for design and other specifications to be subject to customer change notices, as the products the Company supplies are highly subject to, among others, advances in technology, changes in end-user needs/requirements that are driven by innovation and customer demands/needs.

The Company's plans for applying the balance of the proceeds shall be approved by the Board of Directors and details of any material variance thereof shall be duly disclosed to investors through the SEC and PSE when these are finalized, as aforesaid. The actual disbursement of such amounts shall take place at least 30 days following such disclosure, consistent with the Use of Proceeds disclosures of the Company's Prospectus for its Follow-on Offer.

The disclosure is being submitted in compliance with the requirements of the Securities and Exchange Commission and the Philippine Stock Exchange.

Thank you.

Very truly yours,



JEROME S. TAN
Chief Finance Officer

REPORT ON ACTUAL FINDINGS

The Stockholders and the Board of Directors
Integrated Micro-Electronics, Inc.
North Science Avenue
Laguna Technopark
Biñan, Laguna

We have performed the procedures agreed with you and enumerated below with respect to the attached 2015 Annual Progress Report on the Use of Proceeds (the “Progress Report”) as of December 31, 2015, on the application of proceeds from the offering of the common shares of Integrated Micro-Electronics, Inc. (the “Company”). The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.’s (PSE) requirement to submit an external auditor’s certification on the information being presented by the Company relating to the application of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services (PSRS) 4400, *Engagement to Perform Agreed-upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements. These agreed-upon procedures and results thereof are summarized as follows:

1. We obtained a copy of the Use of Proceeds (the “Plan”) from the offering of the common shares of the Company.
2. We obtained the list of short-term investments earmarked for the planned capital expenditures, business expansion, refinancing of debt and working capital of the Company and its subsidiaries (collectively referred to as the “Group”), checked its mathematical accuracy and traced these short-term investments to Letters of Instructions (LOI), which were acknowledged by the banks.
3. We obtained the Progress Report and checked its mathematical accuracy. We also agreed the Progress Report to the investment report detailing the capital expenditure investments, working capital requirements and business expansion costs incurred by the Group.
4. We obtained the LOI for the pre-termination of the short-term investment, which will cover the capital expenditure investments, working capital requirements and business expansion costs incurred by the Group.
5. We obtained the schedule of capital expenditure investments, working capital and business expansion costs incurred by the Group for the fourth quarter of 2015 and traced these items to the related invoices and Purchase Orders (PO).

We report our findings below:

1. With respect to item 1, we obtained a copy of the Plan from the offering of the common shares of the Company. We noted from the Plan that the Company intends to use the net proceeds of ₱1.61 billion for capital expenditures, business expansion, refinancing of debt and working capital of the Group. No exceptions were noted.
2. With respect to item 2, we obtained the list of short-term investments earmarked for planned capital expenditures, business expansion, refinancing of debt and working capital of the Group as of December 31, 2015 and checked its mathematical accuracy. This is summarized below:

Fourth Quarter of 2014

Short-term Investment	Original Currency	Local Currency
United States Dollar-denominated short-term investments	\$20,000,000	₱895,150,000
Philippine Peso-denominated short-term investments	₱717,350,000	717,350,000
Total		₱1,612,500,000

First Quarter of 2015

Short-term Investment	Original Currency	Local Currency
United States Dollar-denominated short-term investments	\$10,935,100	₱488,798,970
Philippine Peso-denominated short-term investments	₱717,532,898	717,532,898
Total		₱1,206,331,868

Second Quarter of 2015

Short-term Investment	Original Currency	Local Currency
United States Dollar-denominated short-term investments	\$3,541,000	₱159,663,690
Philippine Peso-denominated short-term investments	₱657,775,727	657,775,727
Total		₱817,439,417

Third Quarter of 2015

Short-term Investment	Original Currency	Local Currency
Philippine Peso-denominated short-term investments	₱355,157,814	₱355,157,814

Fourth Quarter of 2015

Short-term Investment	Original Currency	Local Currency
Philippine Peso-denominated short-term investments	₱144,813,974	₱144,813,974

These short-term investments were traced to LOI, which were acknowledged by the banks. The short-term investments traced to LOI dated December 3, 2015 amounted to ₱255.50 million. In reference to the memorandum from the Company's Treasury Department of the same date, the total amount of ₱255.50 million consist of the remaining balance from the IPO proceeds amounting to ₱144.81 million and the Company's free cash amounting to ₱110.69 million.

3. With respect to item 3, we found the Progress Report to be mathematically correct and the amounts agreed to the investment report. We also noted that the amounts in the investment report amounting to \$4,461.70 thousand (₱210.34 million) consists of capital requirement investments of \$1,709.80 thousand (₱80.61 million), business expansion costs of \$1,596.70 thousand (₱75.28 million), working

capital requirements of \$655.20 thousand (₱30.89 millions) and a repayment of debt of \$500.00 thousand (₱23.57 million). No exceptions were noted.

4. With respect to item 4, we obtained the LOI for the pre-termination of the short-term investment amounting to \$4,461.70 thousand (₱210.34 million). These short-term investments were used to settle the capital expenditure investments, working capital and business expansion costs incurred by the Group amounting to \$4,461.70 thousand (₱210.34 million). No exceptions were noted.
5. With respect to item 5, we tested all and agreed these capital expenditure investments and business expansion costs with the supporting documents. We compared the vendor name, amount paid and PO number with the invoice receipts from the suppliers. No exceptions were noted.

The remaining balance of the short-term investments earmarked for the planned capital expenditures, business expansion, refinancing of debt and capital requirements of the Group amounted to ₱144.81 million.

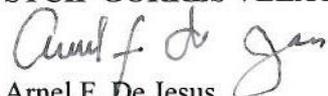
Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the Use of Proceeds from the offering of common shares based on the said standards.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's application of proceeds from the offering and items specified above do not extend to any financial statements of the Company, taken as a whole.

SYCIP GORRES VELAYO & CO.



Arnel F. De Jesus

Partner

CPA Certificate No. 43285

SEC Accreditation No. 0075-AR-3 (Group A),

February 14, 2013, valid until February 13, 2016

Tax Identification No. 152-884-385

BIR Accreditation No. 08-001998-15-2015,

June 26, 2015, valid until June 25, 2018

PTR No. 5321627, January 4, 2016, Makati City

January 28, 2016