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May 13, 2010

Securities and Exchange Commission
Corporation & Finance Department
SEC Building, EDSA
Mandaluyong City

Attention: Ms. Justina F. Callangan
Director, Corporation & Finance Department

Philippine Stock Exchange
4/F PSE Center, Exchange Road
Ortigas Center, Pasig City

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

Subject: **IMI Grows 11% in Q1 2010**

Gentlemen:

Integrated Micro-Electronics Inc. (IMI) recorded an 11 percent year-on-year growth in revenues to US\$90.5 million in the first quarter of 2010, as the global economy and the electronics industry continue on a recovery path. Higher revenues coupled with effective operational streamlining and cost management generated a net income after tax of US\$3.2 million, a reversal of the net loss incurred in the same period last year.

Attached are IMI's unaudited consolidated financial statements and press release for your reference.

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

Thank you.

Very truly yours,

Sherisa P. Nuesa
Chief Finance Officer and Senior Managing Director

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET****AS OF MARCH 31, 2010****(With Comparative Audited Figures as of December 31, 2009)****(In thousand dollars)**

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$48,222	\$53,932
Derivative assets	459	–
Loans and receivables - net (Note 5)	79,165	95,807
Inventories (Note 6)	36,957	31,875
Other current assets	3,109	1,582
Total Current Assets	167,912	183,196
Noncurrent Assets		
Noncurrent receivables	–	381
Property, plant and equipment – net (Note 7)	66,232	63,128
Goodwill	46,226	46,226
Intangible assets (Note 8)	2,105	2,803
Net pension asset	2,866	2,866
Available-for-sale financial assets	322	309
Deferred income tax assets	108	109
Other noncurrent assets	3,234	3,064
Total Noncurrent Assets	121,093	118,886
	\$289,005	\$302,082
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 9)	\$69,247	\$83,177
Income tax payable	2,946	3,262
Provisions	190	44
Loans Payable (Note 10)	1,664	2,302
Current portion of long-term debt (Note 11)	8,000	8,000
Total Current Liabilities	82,047	96,785
Noncurrent Liabilities		
Long-term debt (Note 11)	38,000	38,000
Obligation under finance lease	266	315
Total Noncurrent Liabilities	38,266	38,315
Total Liabilities	120,313	135,100

(Forward)

	2010	2009
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock – common	\$20,268	\$20,267
Capital stock – preferred	26,601	26,601
Subscribed capital stock	2,168	2,168
Additional paid-in capital	31,096	30,482
Subscriptions receivable	(9,843)	(10,153)
Retained earnings:		
Appropriated for expansion	60,661	60,661
Unappropriated	38,263	37,458
Treasury stock	(1,013)	(1,013)
Reserve for fluctuation on available-for-sale financial assets	63	57
Other reserves	162	162
	168,426	166,690
Minority interests in a consolidated subsidiary	266	292
Total Equity	168,692	166,982
	\$289,005	\$302,082

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND MARCH 31, 2009
(In thousand dollars, except Earnings per Share)

	2010	2009
REVENUES FROM SALES AND SERVICES	\$90,542	\$81,471
COST OF GOODS SOLD AND SERVICES	79,729	71,366
GROSS PROFIT	10,813	10,105
OPERATING EXPENSES	(9,668)	(9,501)
OTHERS - Net		
Interest and bank charges	(192)	(595)
Interest income	127	229
Foreign exchange gains	2,799	467
Miscellaneous	489	(74)
INCOME (LOSS) BEFORE INCOME TAX	4,368	631
PROVISION FOR INCOME TAX	(1,148)	(1,053)
NET INCOME (LOSS)	3,220	(422)
OTHER COMPREHENSIVE INCOME (LOSS)		
Fair value changes on available-for-sale financial assets	6	13
TOTAL COMPREHENSIVE INCOME (LOSS)	\$3,226	(\$409)
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	\$3,206	(\$442)
Minority interests	14	20
	\$3,220	(\$422)
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	\$3,212	(\$429)
Minority interests	14	20
	\$3,226	(\$409)
Earnings Per Share:		
Basic and Diluted	\$0.0012	(\$0.0068)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTEGRATED MICROELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND MARCH 31, 2009
(In thousand dollars)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$4,368	\$631
Adjustments for:		
Depreciation of property, plant and equipment	4,435	5,087
Amortization of intangible assets	703	650
Mark-to-market gain on derivative assets (Note 20)	(458)	—
Provision for restructuring	450	—
Provision for inventory obsolescence - net of reversal	437	(436)
Provision for doubtful accounts (Note 5)	318	2
Cost of share-based payments	311	92
Unrealized foreign exchange gain (loss)	(286)	76
Interest and bank charges	192	595
Interest income	(127)	(229)
Loss on sale of property, plant and equipment	28	—
Operating income before working capital changes	10,371	6,468
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	16,603	3,200
Inventories	(5,519)	2,262
Other current assets	(1,058)	2,262
Noncurrent receivables	—	2,777
Decrease in:		
Accounts payable and accrued expenses	(15,891)	(2,683)
Provisions	(304)	(6,013)
Net cash generated from operations	4,202	8,273
Interest received	127	229
Interest paid	(192)	(674)
Income tax paid	(1,464)	(874)
Net cash provided by operating activities	2,673	6,954

(Forward)

	2010	2009
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	\$987	\$7
Acquisition of:		
Property, plant and equipment (Note 7)	(8,553)	(212)
Intangible assets (Note 8)	(5)	(2)
Increase in other noncurrent assets	(170)	(3,143)
Proceeds from sale of intangible assets	–	24
Net cash used in investing activities	(7,741)	(3,326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to Parent Company	(600)	(561)
Collections of subscriptions receivable	614	–
Dividends paid to Minority	(26)	–
Payment of loans	(638)	(1,542)
Net cash used in financing activities	(650)	(2,103)
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	8	(43)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(5,710)	1,482
CASH AND CASH EQUIVALENTS AT JANUARY 1	53,932	57,605
CASH AND CASH EQUIVALENTS AT MARCH 31 (Note 4)	\$48,222	\$59,087

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.



IMI Grows 11% in Q1 2010

May 13, 2010, Laguna, Philippines – Integrated Micro-Electronics Inc. (IMI), a leading electronics manufacturing services (EMS) provider to the world's key original equipment manufacturers (OEMs) and a member of the Ayala group of companies, recorded an 11 percent year-on-year growth in revenues to US\$90.5 million in the first quarter of 2010, as the global economy and the electronics industry continue on a recovery path. Higher revenues coupled with effective operational streamlining and cost management generated a net income after tax of US\$3.2 million, a reversal of the net loss incurred in the same period last year.

Arthur Tan, IMI president and chief executive officer, said, "Improvements in the global economy and rebounding markets for electronic products bode well for the entire electronics industry. IMI gained from increased volume orders from some of its major customers, which either enjoyed greater demand for their products or increased their share of the market."

He added, "Despite a persistent shortage of certain electronic components, we increased our revenues due to the positive impact of a rebound in the telecommunication infrastructure and consumer electronics markets, increased demand for Blu-ray disc drives, and an upturn in the automotive industry."

Sherisa Nuesa, IMI chief finance officer and senior managing director, said, "We continue to exhibit robust financial health with a cash balance of US\$48.2 million, higher than the gross debt of US\$47.7 million, and thus sustaining our zero net debt status. This ensures that we have the financial flexibility to pursue our strategic initiatives and continue to meet both our operating requirements and debt payment obligations. We expect to further reduce debt to US\$38 million by the end of the year."

IMI's current ratio improved to 2.05:1 from 1.89:1 at the end of 2009, while its gross debt-to-equity ratio strengthened to 0.28:1 from 0.29:1.

IMI's operations in China and Singapore contributed 58 percent to IMI's total revenues in the first quarter. Their 13 percent rise in revenues was driven by a surge in orders from key customers in the telecommunications and consumer electronics markets. The Philippine operations registered a 9 percent increase in sales, brought in by its major customers in the storage device, automotive, and industrial electronics markets.

The global electronics contract manufacturing industry is poised for a turnaround in 2010, with market research firm iSuppli predicting a revenue growth of 8 percent following a 13 percent drop in 2009.

Tan added, "We remain confident over IMI's performance for the rest of the year. The signs of the electronics industry's recovery are all over the place-- global PC shipments, handset sales, and semiconductor revenues are all anticipated to go up in the double-digit range in 2010. This year, IMI will also see more opportunities for low volume-high mix production, as well as increased outsourcing by OEMs in China both for the export and domestic markets."

About IMI

Integrated Micro-Electronics Inc. (IMI) is a vertically integrated electronics manufacturing services (EMS) provider to leading global original equipment manufacturers (OEMs) in diversified markets that include those in the automotive, industrial, medical, solar energy, telecommunications infrastructure, storage device, and consumer electronics industries. Committed to cost-effective and top-quality customized solutions, IMI's comprehensive EMS capabilities, broad geographic reach, and strong Asian manufacturing presence allow it to take on specific outsourcing needs. IMI's flexible solutions encompass design and product development, manufacturing, and order fulfillment. IMI is consistently ranked among the top 30 EMS providers in the world.

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