



Integrated Micro-Electronics, Inc.

North Science Avenue
Special Export Processing Zone
Laguna Technopark
Biñan Laguna 4024 Philippines

Tel (63 2) 756 6840
Fax (63 49) 544 0322
www.global-iml.com

February 7, 2018

Securities and Exchange Commission
SEC Building, EDSA, Mandaluyong City

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

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

Attention: Mr. Jose Valeriano B. Zuño III
OIC –Head, Disclosure Department

Subject: **IMI Exceeds US\$1 Billion Revenue in 2017**

Integrated Micro-Electronics Inc. (IMI), one of the leading global manufacturing solutions experts, today announced that revenues for the full year 2017 hit a record high of US\$1.09 billion, rising 29 percent from 2016.

Please refer to the attached press release and financial statements. Thank you.

Very truly yours,


LAURICE DELA CRUZ
Compliance Manager



IMI Exceeds US\$1 Billion Revenue in 2017

February 7, 2018, Laguna, Philippines —Integrated Micro-Electronics Inc. (IMI), one of the leading global manufacturing solutions experts, today announced that revenues for the full year 2017 hit a record high of US\$1.09 billion, rising 29 percent from 2016. Revenue growth was accelerated by recent acquisitions and continued growth in automotive and industrial markets. Net income reached US\$34.0 million, up 21 percent year-on-year.

Arthur Tan, IMI chief executive officer, says, “We’re eager to build on this success and continue to ensure that our diverse capability as an organization will sustain our competitive advantage and stronghold in the global market. As a cohesive global company with a shared vision, we aim to design competitive positions and strategies that capitalize on corporate strengths.”

Revenues from Europe operations grew 14 percent year-on-year to US\$276.5 million, benefiting from lighting, controllers and driver assistance systems of its automotive segment. In Mexico, revenues expanded 29 percent to US\$84.2 million, as numerous projects for North America customers entered new product introduction phase throughout the year.

China operations posted US\$271.1 million in revenues, up 4 percent year-on-year despite the delay in new technology roll-out in the telecom infrastructure business. The broadened product mix including electric vehicle charging solutions provided demand growth and differentiation to China facilities.

Philippine operations increased 4 percent to US\$263.7 million strengthened by new industrial applications and automotive camera business. This positive trend offsets the drop in demand in the security and medical device business.

Revenues from acquired businesses amounted to US\$193.9 million in 2017. VIA Optronics, a Germany-based optical bonding and display solutions provider, contributed US\$148.4 million—the highest revenues in its 12-year history. This compares to the three months revenue contribution of US\$19.4 million recognized in 2016. STI Enterprise, a United Kingdom-based electronics manufacturer specializing in aerospace and defense markets, added US\$45.5 million to IMI’s revenues representing seven months contribution.

“The flexibility of our operations and seasoned expertise is a manifestation of our readiness to face the challenges in a competitive environment.” IMI president and chief operating officer Gilles Bernard said in a statement. “As we undergo major disruptive changes, our industrial excellence will help tailor our offerings more precisely while also preserving our margins.” Bernard added.

IMI continues to improve its strategic position and enable market share growth by investing in automation and high capacity equipment that would impact productivity and add value to economic performance. For 2017, IMI spent US\$65.3 million in capital expenditures to support innovative growth platforms.

The Company’s capital structure remains stable with a current ratio of 1.28:1 and debt-to-equity ratio of 1.08:1.

About IMI

Integrated Micro-Electronics Inc. (IMI), the manufacturing portfolio of AC Industrial Technology Holdings, Inc., a wholly-owned subsidiary of Ayala Corporation is among the leading global manufacturing solutions providers in the world. IMI ranks 20th in the list of top 30 EMS providers in the world by the Manufacturing Market Insider, based on 2016 revenues. In the automotive segment, it is the sixth largest EMS provider in the world per New Venture Research.

IMI specializes in highly reliable and quality electronics for long product life cycle segments such as automotive and industrial electronics.

For the automotive segment, IMI delivers customized solutions for safety and security, among others. It supplies cameras that are integral technology to the advanced driver assistance systems (ADAS). For the industrial segment, it manufactures security and access control devices, power modules, and building automation, among others. From its manufacturing plants in the United States, Mexico, Bulgaria, Czech Republic, Germany, China, United Kingdom and the Philippines, IMI provides engineering, manufacturing, and support and fulfillment capabilities to diverse industries globally. For more information, visit www.global-imi.com.

For more information you may send an email to ir@global-imi.com

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES **CONSOLIDATED BALANCE SHEETS**

	December 31	
	2017	2016 (As restated)
ASSETS		
Current Assets		
Cash and cash equivalents	\$90,627,228	\$86,548,735
Receivables - net	263,115,347	198,202,754
Inventories	199,614,807	106,132,529
Other current assets	27,054,631	16,090,797
Total Current Assets	580,412,013	406,974,815
Noncurrent Assets		
Property, plant and equipment - net	164,596,056	117,405,004
Goodwill	147,370,912	91,416,180
Intangible assets	22,898,566	18,317,066
Available-for-sale financial assets	831,364	740,949
Deferred tax assets	3,451,802	1,552,362
Other noncurrent assets	1,790,915	2,722,058
Total Noncurrent Assets	340,939,615	232,153,619
	\$921,351,628	\$639,128,434
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$284,284,557	\$195,675,305
Trust receipts and loans payable	135,057,620	51,445,169
Financial liabilities on put options	22,317,860	11,334,282
Current portion of long-term debt	6,872,679	8,185,053
Income tax payable	3,821,856	3,451,416
Total Current Liabilities	\$452,354,572	270,091,225
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt	158,224,056	121,144,043
Advances from customers	—	1,137,865
Obligation under finance lease	223,771	—
Net retirement liabilities	5,132,145	4,091,990
Deferred tax liabilities	2,742,454	3,034,385
Accrued rent	—	84,731
Other noncurrent liabilities	26,085,878	216,253
Total Noncurrent Liabilities	192,408,304	129,709,267
Total Liabilities	\$644,762,876	399,800,492

(Forward)

	December 31	
	2017	2016 (As restated)
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	\$35,709,679	\$34,935,709
Subscribed capital stock	1,058,278	1,857,440
Additional paid-in capital	58,115,419	70,927,567
Subscriptions receivable	(5,351,844)	(12,334,692)
Retained earnings unappropriated	194,499,540	168,932,158
Treasury stock	(1,012,588)	(1,012,586)
Reserve for fluctuation on available-for-sale financial assets	454,457	368,531
Cumulative translation adjustment	(2,302,277)	(20,639,608)
Other comprehensive loss	(7,437,096)	(6,428,260)
	273,733,568	236,606,259
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries		
	2,855,184	2,721,683
Total Equity	276,588,752	239,327,942
	\$921,351,628	\$639,128,434

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2017	2016	2015
REVENUES			
Sale of goods	\$1,020,145,452	\$774,643,182	\$750,514,863
Sale of services	70,442,737	68,323,242	63,849,241
	\$1,090,588,189	842,966,424	814,364,104
COST OF SALES			
Cost of goods sold	894,418,894	680,844,830	663,659,753
Cost of services	66,570,649	60,812,213	56,672,880
	960,989,543	741,657,043	720,332,633
GROSS PROFIT	129,598,646	101,309,381	94,031,471
OPERATING EXPENSES	(89,160,675)	(58,366,442)	(56,098,525)
OTHERS – Net			
Interest expense and bank charges	(6,900,807)	(3,884,454)	(2,716,385)
Foreign exchange gains (losses) - net	1,273,773	(2,437,818)	(2,419,021)
Gains on insurance claims	–	360,895	–
Interest income	166,246	294,035	658,003
Gain (loss) on sale and retirement of property, plant and equipment - net	1,052,394	(143,034)	165,776
Mark-to-market gain (loss) on put options	2,298,664	(40,785)	–
Impairment loss on product development cost	(524,705)	–	–
Miscellaneous income (loss) – net	4,101,797	(2,269,225)	1,054,201
	1,467,362	(8,120,386)	(3,257,426)
INCOME BEFORE INCOME TAX	41,905,332	34,822,553	34,675,520
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	7,982,335	6,942,950	5,731,204
Deferred	(519,741)	(136,306)	174,204
	7,462,594	6,806,644	5,905,408
NET INCOME	\$34,442,738	\$28,015,909	\$28,770,112
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	\$34,001,982	\$28,115,891	\$28,789,740
Non-controlling interests	440,756	(99,982)	(19,628)
	\$34,442,738	\$28,015,909	\$28,770,112
Earnings Per Share			
Basic and diluted	\$0.018	\$0.015	\$0.015

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2017	2016	2015
NET INCOME FOR THE YEAR	\$34,442,738	\$28,015,909	\$28,770,112
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified into profit or loss in subsequent periods:			
Exchange differences arising from translation of foreign operations	18,337,331	(4,094,917)	(5,835,345)
Fair value changes on available-for-sale financial assets	85,926	117,501	66,911
	18,423,257	(3,977,416)	(5,768,434)
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans (Note 25)	(1,008,836)	(132,587)	(722,109)
	17,414,421	(4,110,003)	(6,490,543)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$51,857,159	\$23,905,906	\$22,279,569
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	\$51,416,403	\$24,005,888	\$22,299,197
Non-controlling interests	440,756	(99,982)	(19,628)
	\$51,857,159	\$23,905,906	\$22,279,569

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 and 2015

	Attributable to Equity Holders of the Parent Company						Other Comprehensive Loss				Total
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings Unappropriated	Treasury Stock	Reserve for Fluctuation on Available- for-Sale Financial Assets	Cumulative Translation Adjustment	Other Comprehensive Loss	Attributable to Non-controlling Interests	
Balances at January 1, 2017, as previously reported	\$34,935,709	\$1,857,440	\$70,927,567	(\$12,334,692)	\$168,932,158	(\$1,012,586)	\$368,531	(\$20,639,608)	(\$6,428,260)	\$1,260,871	\$237,867,130
Increase in non-controlling interest due to the acquisition of a subsidiary during the year	—	—	—	—	—	—	—	—	—	1,460,812	1,460,812
Balances at January 1, 2017, as restated	34,935,709	1,857,440	70,927,567	(12,334,692)	168,932,158	(1,012,586)	368,531	(20,639,608)	(6,428,260)	2,721,683	239,327,942
Issued shares during the year	773,970	(773,970)	—	—	—	—	—	—	—	—	—
Cost of share-based payments	—	—	262,618	—	—	—	—	—	—	—	262,618
Reacquired shares	—	—	—	—	—	(2)	—	—	—	—	(2)
Collections on subscriptions	—	—	—	6,759,531	—	—	—	—	—	—	6,759,531
Forfeitures during the year	—	(25,192)	(198,125)	223,317	—	—	—	—	—	—	—
Effect of recognition of financial liability arising from put options on business combination	—	—	(12,876,641)	—	—	—	—	—	—	—	(12,876,641)
Decrease in non-controlling interest due to the acquisition of a subsidiary during the year	—	—	—	—	—	—	—	—	—	(307,255)	(307,255)
Cash dividends	—	—	—	—	(8,434,600)	—	—	—	—	—	(8,434,600)
	35,709,679	1,058,278	58,115,419	(5,351,844)	160,497,558	(\$1,012,588)	\$368,531	(20,639,608)	(6,428,260)	2,414,428	224,731,593
Net income	—	—	—	—	34,001,982	—	—	—	—	440,756	34,442,738
Other comprehensive income (loss)	—	—	—	—	—	—	85,926	18,337,331	(1,008,836)	—	17,414,421
Total comprehensive income (loss)	—	—	—	—	34,001,982	—	85,926	18,337,331	(1,008,836)	440,756	51,857,159
Balances at December 31, 2017	\$35,709,679	\$1,058,278	\$58,115,419	(\$5,351,844)	\$194,499,540	(\$1,012,588)	\$454,457	(\$2,302,277)	(\$7,437,096)	\$2,855,184	\$276,588,752

Attributable to Equity Holders of the Parent Company

	Other Comprehensive Loss										Attributable to Non-controlling Interests	Total
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings Unappropriated	Treasury Stock	Reserve for Fluctuation on Available-for-Sale Financial Assets	Cumulative Translation Adjustment	Other Comprehensive Loss	Other Reserves		
Balances at January 1, 2016	\$34,933,728	\$1,907,584	\$82,527,542	(\$13,131,734)	\$149,437,014	(\$1,012,586)	\$251,030	(\$16,544,691)	(\$6,295,673)	\$170,714	\$194,836	\$232,437,764
Issued shares during the year	1,981	(1,981)	—	—	—	—	—	—	—	—	—	—
Cost of share-based payments	—	—	744,130	—	—	—	—	—	—	—	—	744,130
Collections on subscriptions	—	—	—	462,377	—	—	—	—	—	—	—	462,377
Forfeitures during the year	—	(48,163)	(286,502)	334,665	—	—	—	—	—	—	—	—
Effect of recognition of financial liability arising from put options on business combination	—	—	(12,057,603)	—	—	—	—	—	—	—	—	(12,057,603)
Increase in non-controlling interest due to the acquisition of a subsidiary during the year	—	—	—	—	—	—	—	—	—	—	2,816,416	2,816,416
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	(170,714)	(189,587)	(360,301)
Cash dividends	—	—	—	—	(8,620,747)	—	—	—	—	—	—	(8,620,747)
	34,935,709	1,857,440	70,927,567	(12,334,692)	140,816,267	(1,012,586)	251,030	(16,544,691)	(6,295,673)	—	2,821,665	215,422,036
Net income (loss)	—	—	—	—	28,115,891	—	—	—	—	—	(99,982)	28,015,909
Other comprehensive income (loss)	—	—	—	—	—	—	117,501	(4,094,917)	(132,587)	—	—	(4,110,003)
Total comprehensive income (loss)	—	—	—	—	28,115,891	—	117,501	(4,094,917)	(132,587)	—	(99,982)	23,905,906
Balances at December 31, 2016	\$34,935,709	\$1,857,440	\$70,927,567	(\$12,334,692)	\$168,932,158	(\$1,012,586)	\$368,531	(\$20,639,608)	(\$6,428,260)	\$—	\$2,721,683	\$239,327,942

Attributable to Equity Holders of the Parent Company

	Other Comprehensive Loss												Total
	Capital Stock - Common	Capital Stock - Preferred	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings Appropriated for Expansion	Retained Earnings Unappropriated	Treasury Stock	Reserve for Fluctuation on Available-for-Sale Financial Assets	Cumulative Translation Adjustment	Remeasurement Losses on Defined Benefit Plans	Other Reserves	
Balances at January 1, 2015	\$34,876,616	\$26,601,155	\$1,797,638	\$80,480,981	(\$12,906,784)	\$20,660,981	\$109,481,277	(\$1,012,586)	\$184,119	(\$10,709,346)	(\$5,573,564)	\$170,714	\$244,265,665
Issued shares during the year	57,112	—	(57,112)	—	—	—	—	—	—	—	—	—	—
Redemption of preferred shares	—	(26,601,155)	—	—	—	—	(1,834,644)	—	—	—	—	—	(28,435,799)
Subscriptions during the year	—	—	222,366	913,925	(1,136,291)	—	—	—	—	—	—	—	—
Collections on subscriptions	—	—	—	—	460,634	—	—	—	—	—	—	—	460,634
Forfeitures during the year	—	—	(55,308)	(395,399)	450,707	—	—	—	—	—	—	—	—
Cost of share-based payments	—	—	—	1,528,035	—	—	—	—	—	—	—	—	1,528,035
Reversal of appropriated retained earnings	—	—	—	—	—	(20,660,981)	20,660,981	—	—	—	—	—	—
Reversal of cash dividends declared in advance	—	—	—	—	—	—	207,625	—	—	—	—	—	207,625
Cash dividends	—	—	—	—	—	—	(7,867,965)	—	—	—	—	—	(7,867,965)
	34,933,728	—	1,907,584	82,527,542	(13,131,734)	—	120,647,274	(1,012,586)	184,119	(10,709,346)	(5,573,564)	170,714	210,158,195
Net income (loss)	—	—	—	—	—	—	28,789,740	—	—	—	—	—	28,770,112
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	66,911	(5,835,345)	(722,109)	—	(6,490,543)
Total comprehensive income (loss)	—	—	—	—	—	—	28,789,740	—	66,911	(5,835,345)	(722,109)	—	22,279,569
Balances at December 31, 2015	\$34,933,728	\$—	\$1,907,584	\$82,527,542	(\$13,131,734)	\$—	\$149,437,014	(\$1,012,586)	\$251,030	(\$16,544,691)	(\$6,295,673)	\$170,714	\$194,836

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	\$41,905,332	\$34,822,553	\$34,675,520
Adjustments for:			
Depreciation of property, plant and equipment	24,241,821	22,472,246	21,016,819
Interest expense	6,050,934	3,297,733	2,208,551
Amortization of intangible assets	4,387,950	1,989,548	2,231,851
Loss (gain) on derivative transactions	(2,279,087)	113,455	(225,162)
Loss (gain) on sale and retirement of property, plant and equipment	(1,052,394)	143,034	(165,776)
Impairment loss on product development cost	524,705	—	—
Cost of share-based payments	262,618	744,130	1,528,035
Interest income	(166,246)	(294,035)	(658,003)
Unrealized foreign exchange losses (gains) - net	131,591	(57,843)	412,921
Gain on insurance claims	—	(360,895)	—
Operating income before working capital changes	74,007,224	62,869,926	61,024,756
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	(39,741,837)	(10,639,358)	18,436,043
Inventories	(75,467,747)	(13,358,078)	2,054,060
Other current assets	(9,499,046)	(3,414,550)	1,068,255
Increase (decrease) in:			
Accounts payable and accrued expenses	46,082,014	10,771,185	(26,235,224)
Advances from third party	14,233,872	6,538,462	—
Advances from customers	—	2,029,988	(301,952)
Retirement liabilities	68,134	(1,569,301)	654,925
Accrued rent	—	(370,147)	(25,817)
Other noncurrent liabilities	—	97,835	(63,499)
Net cash generated from operations	9,682,614	52,955,962	56,611,547
Income tax paid	(7,945,950)	(6,025,529)	(6,848,877)
Interest paid	(5,744,349)	(3,037,688)	(2,148,829)
Interest received	166,246	306,506	667,492
Net cash provided by operating activities	(3,841,439)	44,199,251	48,281,333

(Forward)

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment	(\$61,872,944)	(\$48,344,218)	(\$35,120,182)
Intangible assets	(3,381,146)	(3,886,107)	(659,794)
Acquisition through business combination, net of cash acquired	(25,705,864)	(46,878,629)	—
Capitalized development costs, excluding depreciation	(5,608,052)	(4,004,265)	—
Proceeds from sale and retirement of property, plant and equipment	2,945,045	289,493	672,955
Decrease (increase) in other noncurrent assets	931,142	(689,989)	(154,315)
Net cash used in investing activities	(\$92,691,819)	(103,513,715)	(35,261,336)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of loans	131,077,301	265,905,842	50,465,041
Payments of:			
Loans payable	(20,419,648)	(129,611,778)	(38,053,777)
Long-term debt	(9,177,386)	(83,007,267)	(2,397,400)
Dividends paid to equity holders of the Parent Company	(8,434,601)	(8,620,747)	(8,559,041)
Collections of subscriptions receivable	6,759,531	462,377	460,634
Cash paid on acquisition of non-controlling interests	—	(360,301)	—
Settlement of derivatives	—	(114,400)	169,612
Redemption of preferred shares	—	—	(28,435,799)
Decrease in obligations under finance lease	—	—	(2,257,583)
Net cash provided by (used in) financing activities	99,805,197	44,653,726	(28,608,313)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	806,554	(322,936)	(504,766)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,078,493	(14,983,674)	(16,093,082)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	86,548,735	101,532,409	117,625,491
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$90,627,228	\$86,548,735	\$101,532,409