



A member of  ACIndustrials
Integrated Company

**Integrated Micro-Electronics,
Inc.**

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April 26, 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's Revenues Grew 38% in the First Quarter of 2018

Integrated Micro-Electronics, Inc. (IMI), one of the leading global manufacturing experts, today announced that its first quarter 2018 revenues stood at \$325.8 million, up 38 percent year-on-year buoyed by the strong revenue growth of its automotive, industrial and telecommunications segments, and contributions from its recently acquired entities.

Please refer to the attached press release. Thank you!

Very truly yours,



JEROME S. TAN
Chief Finance Officer



IMI's Revenues Grew 38% in the First Quarter of 2018

April 26, 2018, Laguna, Philippines — Integrated Micro-Electronics Inc. (IMI), one of the leading global manufacturing solutions experts, today announced that its first quarter 2018 revenues stood at \$325.8 million, up 38 percent year-on-year buoyed by the strong revenue growth of its automotive, industrial and telecommunications segments, and contributions from its recently acquired entities. Net income of \$5.6 million includes a one-off expense of \$3.0 million attributed to the Shenzhen relocation. Ex-one off, net income at \$8.6 million remained at par with last year's performance.

Arthur Tan, IMI chief executive officer, says, "More than half of our first quarter growth was contributed by the capabilities-driven acquisitions in the past two years. The strategies we executed are now creating relevant scales which allowed us to expand our portfolio of expertise."

Revenues from acquired businesses amounted to US\$78.7 million in the first quarter of 2018. VIA Optronics reported \$52.2 million, more than double than that of Q1 last year boosted by its top customer in the consumer segment. STI, on the other hand, posted \$26.6 million in revenues driven by the aerospace and industrial sectors which comprise 73 percent of its total revenues.

Revenues from Europe operations grew 27 percent year-on-year to US\$84.5 million while Mexico revenues registered a 17 percent increase year-on-year to \$22.4 million, both remain dominated by lighting, controllers and driver assistance systems from their automotive segment.

China revenues rose 23 percent to \$74.5 million strengthened by new industrial applications and automotive platforms which have started to ramp up.

Philippine revenues of \$66.3 million remained flat from last year as the increase in new industrial and camera businesses offset the declining demand in the security and medical device business.

"We are seeing the effects of the current component shortages across the various markets that are reflected in longer lead times resulting to higher inventory levels, increased costs to expedite deliveries and higher purchase price. But this situation has not prevented IMI from achieving its target growth." Gilles Bernard, IMI president and chief operating officer stated.

IMI chief finance officer Jerome Tan said, "With the recent completion of the stock rights offering, IMI's balance sheet is stronger with a gross debt-to-equity ratio of 0.83:1 which puts the company in a good position to capitalize on new business growth."

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 expert in the world. IMI ranks 18th in the list of top 50 EMS providers in the world by the Manufacturing Market Insider (March 2018 edition), based on 2017 revenues. In the automotive market, it remains 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, industrial electronics and more recently, the aerospace market.

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. For the aerospace segment, IMI's acquisition of Surface Technology International (STI) Enterprise, a UK-based company, addresses the quality and safety demands in the EMS aerospace segments. STI Enterprise has been supplying the defense and aerospace market for over 20 years, including products to a range of helicopters, multiple fast jet platforms, transport aircraft and drones.

From its manufacturing plants in the Philippines, China, Bulgaria, Czech Republic, Germany, United Kingdom, Mexico and the United States, 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**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET****AS OF MARCH 31, 2018****(With Comparative Audited Figures as of December 31, 2017)****(In thousands)**

	(Unaudited) Mar 31, 2018	(As Restated) Dec 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$160,126	\$90,627
Receivables	274,021	263,115
Contract assets	55,187	49,286
Inventories	172,270	156,393
Other current assets	29,948	27,055
Total Current Assets	691,552	586,476
Noncurrent Assets		
Property, plant and equipment - net	173,937	164,596
Goodwill	147,371	147,371
Intangible assets - net	29,761	22,899
Available-for-sale financial assets	954	831
Deferred tax assets	2,438	3,452
Other noncurrent assets	1,687	1,791
Total Noncurrent Assets	356,148	340,940
	1,047,700	\$927,416
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$287,917	\$284,279
Loans and trust receipts payable	153,316	135,058
Other financial liabilities	22,714	22,318
Current portion of long-term debt	7,059	6,873
Income tax payable	3,617	3,822
Total Current Liabilities	474,623	452,350
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt	157,962	158,224
Obligation under finance lease	235	224
Advances from customers	763	—
Net retirement liabilities	5,389	5,132
Deferred tax liabilities	3,800	3,614
Other noncurrent liabilities	25,903	26,086
Total Noncurrent Liabilities	194,052	193,280
Total Liabilities	668,675	645,630

(Forward)

	(Unaudited) Mar 31, 2018	(As Restated) Dec 31, 2017
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	\$42,600	\$35,710
Subscribed capital stock	873	1,058
Additional paid-in capital	147,210	58,121
Subscriptions receivable	(4,270)	(5,352)
Retained earnings	194,822	199,396
Treasury stock	(1,013)	(1,013)
Reserve for fluctuation on available-for-sale financial assets	565	454
Cumulative translation adjustment	2,263	(2,302)
Remeasurement losses on defined benefit plans	(7,437)	(7,437)
	375,613	278,635
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries		
	3,412	3,151
Total Equity	379,025	281,786
	\$1,047,700	\$927,416

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands, except Earnings per Share)

	Unaudited 2018 Jan to Mar	Unaudited 2017 Jan to Mar
REVENUES FROM SALES AND SERVICES	\$325,790	\$235,897
COST OF GOODS SOLD AND SERVICES	290,595	207,046
GROSS PROFIT	35,195	28,851
OPERATING EXPENSES	(26,209)	(18,219)
OTHERS - Net		
Interest and bank charges	(3,305)	(1,203)
Foreign exchange gains	2,427	629
Interest income	83	73
Miscellaneous income (expense) - net	(116)	808
INCOME BEFORE INCOME TAX	8,075	10,939
PROVISION FOR INCOME TAX	(2,257)	(2,052)
NET INCOME	\$5,818	\$8,887
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	\$5,557	\$8,696
Non-controlling interests	261	191
	\$5,818	\$8,887
Earnings Per Share:		
Basic and diluted	\$0.003	\$0.005

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands)

	Unaudited 2018 Jan to Mar	Unaudited 2017 Jan to Mar
NET INCOME FOR THE PERIOD	\$5,818	\$8,887
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising from translation of foreign operations	4,565	3,384
Fair value changes on available-for-sale financial assets	111	(15)
	4,676	3,369
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:		
Remeasurement gains on defined benefit plans	—	—
	4,676	3,369
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$10,494	\$12,256
Total Comprehensive Income		
Attributable to:		
Equity holders of the Parent Company	\$10,233	\$12,065
Non-controlling interests	261	191
	\$10,494	\$12,256

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2018, AND 2017

(In thousands)

	Attributable to Equity Holders of the Parent Company						Other Comprehensive Income (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	Remeasurement losses on defined benefit plans	Attributable to Non-controlling Interests	
Balances at January 1, 2018, as previously reported	\$35,710	\$1,058	\$58,121	(\$5,352)	\$194,500	(\$1,013)	\$454	(\$2,302)	(\$7,437)	\$2,855	\$276,594
Restatement due to adoption of PFRS 15	—	—	—	—	4,896	—	—	—	—	296	5,192
Balances at January 1, 2018, as restated	35,710	1,058	58,121	(5,352)	199,396	(1,013)	454	(2,302)	(7,437)	3,151	281,786
Issued shares from stock rights offer	6,718	—	89,213	—	—	—	—	—	—	—	95,931
Issued shares during the period	172	(172)	—	—	—	—	—	—	—	—	—
Cost of share-based payments	—	—	10	—	—	—	—	—	—	—	10
Collections on subscriptions	—	—	—	935	—	—	—	—	—	—	935
Forfeitures during the period	—	(13)	(134)	147	—	—	—	—	—	—	—
Cash dividends (Note 14)	—	—	—	—	(10,131)	—	—	—	—	—	(10,132)
	42,600	873	147,210	(4,270)	189,265	(1,013)	\$454	(2,302)	(7,437)	3,151	368,530
Net income	—	—	—	—	5,557	—	—	—	—	261	5,818
Other comprehensive income	—	—	—	—	—	—	111	4,565	—	—	4,676
Total comprehensive income	—	—	—	—	5,557	—	111	4,565	—	261	10,494
Balances at March 31, 2018	\$42,600	\$873	\$147,210	(\$4,270)	\$194,822	(\$1,013)	\$565	\$2,263	(\$7,437)	\$3,412	\$379,025

	Attributable to Equity Holders of the Parent Company						Other Comprehensive Income (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	Remeasurement losses on defined benefit plans	Attributable to Non-controlling Interest	
Balances at January 1, 2017	\$34,936	\$1,857	\$70,928	(\$12,335)	\$168,932	(\$1,013)	\$369	(\$20,640)	(\$6,428)	\$1,261	\$237,867
Issued shares during the period	6	(6)	—	—	—	—	—	—	—	—	—
Cost of share-based payments	—	—	79	—	—	—	—	—	—	—	79
Forfeitures during the period	—	(2)	(6)	8	—	—	—	—	—	—	—
Collections on subscriptions	—	—	—	19	—	—	—	—	—	—	19
	\$34,942	\$1,849	\$71,000	(12,307)	168,932	(1,013)	369	(20,640)	(6,428)	1,261	237,965
Net income (loss)	—	—	—	—	8,696	—	—	—	—	191	8,887
Other comprehensive income	—	—	—	—	—	—	(15)	3,384	—	—	3,369
Total comprehensive income (loss)	—	—	—	—	8,696	—	(15)	3,384	—	191	12,256
Balances at March 31, 2017	\$34,942	\$1,849	\$71,000	(\$12,307)	\$177,628	(\$1,013)	\$354	(17,256)	(6,428)	\$1,452	\$250,221

Attributable to Equity Holders of the Parent Company

	Other Comprehensive Income (Loss)										
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Reserve for Fluctuation on Available- for-Sale Financial Assets	Cumulative Translation Adjustment	Remeasure-ment losses on defined benefit plans	Attributable to Non-controlling Interests	Total
Balances at January 1, 2017, as previously reported	\$34,936	\$1,857	\$70,928	(\$12,335)	\$168,932	(\$1,013)	\$368	(\$20,639)	(\$6,428)	\$1,261	\$237,867
Effect of finalization of business combination	—	—	—	—	—	—	—	—	—	1,460	1,460
Balances at January 1, 2017, as restated	34,936	1,857	70,928	(12,335)	168,932	(1,013)	368	(20,639)	(6,428)	2,721	239,327
Issued shares during the year	774	(774)	—	—	—	—	—	—	—	—	—
Cost of share-based payments	—	—	262	—	—	—	—	—	—	—	262
Reacquired shares	—	—	—	—	—	—	—	—	—	—	—
Collections on subscriptions	—	—	—	6,766	—	—	—	—	—	—	6,766
Forfeitures during the year	—	(25)	(192)	217	—	—	—	—	—	—	—
Effect of recognition of financial liability arising from put option on business combination	—	—	(12,877)	—	—	—	—	—	—	—	(12,877)
Decrease in non-controlling interest due to acquisition of a subsidiary during the year	—	—	—	—	—	—	—	—	—	(307)	(307)
Restatement due to adoption of PFRS 15	—	—	—	—	4,896	—	—	—	—	296	5,192
Cash dividends	—	—	—	—	(8,434)	—	—	—	—	—	(8,434)
	35,710	1,058	58,121	(5,352)	165,394	(1,013)	368	(20,639)	(6,428)	2,710	229,929
Net income	—	—	—	—	34,002	—	—	—	—	441	34,443
Other comprehensive income (loss)	—	—	—	—	—	—	86	18,337	(1,009)	—	17,414
Total comprehensive income (loss)	—	—	—	—	34,002	—	86	18,337	(1,009)	441	51,857
Balances at December 31, 2017	\$35,710	\$1,058	\$58,121	(\$5,352)	\$199,396	(\$1,013)	\$454	(\$2,302)	(\$7,437)	\$3,151	\$281,786

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands)

	Unaudited 2018 Jan to Mar	Unaudited 2017 Jan to Mar
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$8,075	\$10,939
Adjustments for:		
Depreciation of property, plant and equipment	7,704	5,904
Interest expense	3,178	1,107
Amortization of intangible assets	1,187	354
Unrealized foreign exchange losses - net	(108)	(32)
Cost of share-based payments	10	79
Gains on sale of property, plant and equipment	(13)	(222)
Mark-to-market loss on derivatives	801	15
Interest income	(83)	(74)
Operating income before working capital changes	20,751	18,070
Changes in operating assets and liabilities:		
Increase in:		
Loans and receivables	(3,532)	(9,260)
Contract asset	(5,901)	-
Inventories	(14,797)	(17,564)
Other current assets	(2,893)	(656)
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,247)	22,953
Retirement liabilities	353	(240)
Advances from customers	122	112
Accrued rent	(4)	14
Other noncurrent liabilities	(182)	(110)
Net cash generated from (used in) operations	(10,330)	13,319
Interest received	83	74
Interest paid	(2,763)	(1,169)
Income tax paid	(1,875)	(1,186)
Net cash provided by (used in) operating activities	(14,885)	11,038
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment	(14,663)	(12,276)
Intangible assets	(412)	(1,174)
Capitalized development costs	(2,079)	(1,099)
Proceeds from sale of property, plant and equipment	43	282
Decrease in other noncurrent assets	104	3
Net cash used in investing activities	(17,007)	(14,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	17,984	40,610
Payment of loans	(2,252)	(14,780)
Dividends paid to equity holders of the Parent Company	(10,132)	-
Proceeds from Stock rights offering	95,931	-
Settlement of derivatives	(30)	-
Collections of subscriptions receivable	936	19
Net cash provided by financing activities	102,438	25,849
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	(1,047)	308
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,499	22,931
CASH AND CASH EQUIVALENTS AT JANUARY 1	90,627	86,549
CASH AND CASH EQUIVALENTS AT MARCH 31	\$160,126	\$109,480