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August 4, 2017

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 22% in the First Half of 2017**

Integrated Micro-Electronics Inc. (IMI), one of the leading global manufacturing solutions experts, today announced that its first half revenues reached $501.0 million, up 22 percent year-on-year driven by recent acquisitions and expansion programs. Net income also increased 14 percent compared to last year.

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

Very truly yours,

JAIME G. SANCHEZ
Vice President, Deputy CFO and Group Controller
Compliance Officer

IMI's Revenues Grew 22% in the First Half of 2017

August 4, 2017, Laguna, Philippines — Integrated Micro-Electronics Inc. (IMI), one of the leading global manufacturing solutions experts, today announced that its first half revenues reached $501.0 million, up 22 percent year-on-year driven by recent acquisitions and expansion programs. Net income also increased 14 percent compared to last year.

The strong revenue growth and net income performance was mainly a result of the company's continuous focus on its current core markets in the automotive and industrial segments.

Arthur Tan, IMI chief executive officer, says, "We stand on the brink of a technological revolution that will vitally modify the way of life. The global auto industry is about to undergo a significant transformation gearing towards the development of an electric and automated future."

Revenues from Europe and Mexico operations climbed 12 percent year-on-year to $171.5 million in the first half of 2017 driven by ongoing capacity expansions and new programs. IMI Bulgaria was recently recognized as the second Most Profitable Company in the Machines Sector in Bulgaria while Mexico recently received the Jalisco Export Achievement award.

The company's China operations posted $127.5 million in revenues, slightly down 2 percent year-on-year, due to the impact of soft market demand for network and wireless products and the delay of 5G technology. IMI successfully gained access to China's electric vehicle (EV) market after one of its customers in the Chengdu operations won a public electric bus project.

Revenues for IMI's EMS operations in the Philippines increased 2 percent to $111.9 million due to the automotive camera and industrial businesses. IMI Philippines recently started operations on motorcycle manufacture and assembly, a joint venture with KTM AG, an Austrian motorcycle company. As expansion continues, the company expects to engage more local suppliers for the assembly plant.

Newly acquired companies, Via Optronics GmbH (VIA) and Surface Technology International, Ltd. (STI Ltd.), delivered $72.5 million in revenues, with one-month contribution from STI.

Gilles Bernard, IMI president and chief operating officer remarks, "We are now seeing acceleration in growth coming from our new businesses. We are projecting an aggregate of $475 million won businesses as we expand our capabilities in the automotive and industrial sectors. Other notable wins in the second quarter include automotive displays for our site in Czech Republic, automotive lighting and body control systems in Bulgaria, expansion of power module business in Philippines and IoT security tracker in China."

"The company's current capital structure remains healthy at 0.91 D/E ratio. The recent increase is driven by strong capital expenditures of $31.0 million for the first half of 2017 in line with expansion programs and recent acquisitions. We continue to see opportunities to win new businesses and invest in expansion to maximize growth potentials and drive sustainable returns," asserts Jerome Tan, IMI chief finance officer.

About IMI

Integrated Micro-Electronics Inc. (IMI), the manufacturing portfolio of AC Industrial Technology Holdings, Inc., a wholly-owned subsidiary of Ayala Corp. 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

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2017

(With Comparative Audited Figures as of December 31, 2016)
(In thousand dollars)

	(Unaudited) Jun 30, 2017	(Audited) Dec 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	**$64,551**	$86,549
Receivables - net	**246,405**	198,203
Inventories	**163,527**	106,132
Other current assets	**23,064**	16,091
Total Current Assets	**497,547**	406,975
Noncurrent Assets		
Property, plant and equipment - net	**143,700**	117,405
Goodwill	**154,028**	96,045
Intangible assets	**13,377**	10,469
Available-for-sale financial assets	**739**	741
Deferred tax assets	**1,504**	1,552
Other noncurrent assets	**2,281**	2,722
Total Noncurrent Assets	**315,629**	228,934
	$813,176	$635,909
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**$254,439**	$195,676
Loans and trust receipts payable	**114,939**	51,445
Financial liabilities on put options	**12,227**	11,334
Current portion of long-term debt	**3,726**	8,185
Income tax payable	**5,504**	3,451
Total Current Liabilities	**390,835**	270,091
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt	**122,663**	121,144
Advances from customers	**1,133**	1,138
Net retirement liabilities	**3,634**	4,092
Deferred tax liabilities	**1,613**	1,276
Accrued rent	**–**	85
Other noncurrent liabilities	**32,696**	216
Total Noncurrent Liabilities	**161,739**	127,951
Total Liabilities	**552,574**	398,042

(Forward)

	(Unaudited) Jun 30, 2017	(Audited) Dec 31, 2016
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	**$35,091**	$34,936
Subscribed capital stock	**1,677**	1,857
Additional paid-in capital	**70,893**	70,928
Subscriptions receivable	**(11,357)**	(12,335)
Retained earnings unappropriated	**177,534**	168,932
Treasury stock	**(1,013)**	(1,013)
Reserve for fluctuation on available-for-sale financial assets	**395**	369
Cumulative translation adjustment	**(8,823)**	(20,640)
Other comprehensive loss	**(6,428)**	(6,428)
Other reserves	**–**	–
	257,969	236,606
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	**2,633**	1,261
Total Equity	**260,602**	237,867
	$813,176	$635,909

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(In thousand dollars, except Earnings per Share)

	Unaudited 2017		Unaudited 2016	
	Apr to Jun	Jan to Jun	Apr to Jun	Jan to Jun
REVENUES FROM SALES AND SERVICES	**$265,126**	**$501,024**	$210,638	$409,741
COST OF GOODS SOLD AND SERVICES	**236,502**	**443,549**	184,151	362,419
GROSS PROFIT	**28,624**	**57,475**	26,487	47,322
OPERATING EXPENSES	**(17,925)**	**(36,144)**	(14,987)	(26,641)
OTHERS - Net				
Interest and bank charges	**(1,718)**	**(2,921)**	(759)	(1,512)
Foreign exchange gains (losses)	**811**	**1,439**	(774)	(1,325)
Interest income	**167**	**240**	45	128
Miscellaneous income - net	**473**	**1,282**	285	137
INCOME BEFORE INCOME TAX	**10,432**	**21,371**	10,297	18,109
PROVISION FOR INCOME TAX	**(1,720)**	**(3,772)**	(1,875)	(3,146)
NET INCOME	**$8,712**	**$17,599**	$8,422	$14,963
Net Income (Loss) Attributable to:				
Equity holders of the Parent Company	**$8,340**	**$17,036**	$8,422	$14,967
Non-controlling interests	**372**	**563**	–	(4)
	$8,712	**$17,599**	$8,422	$14,963
Earnings Per Share:				
Basic and diluted		**$0.009**		$0.008

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(In thousand dollars)

	Unaudited 2017		Unaudited 2016	
	Apr to Jun	**Jan to Jun**	**Apr to Jun**	**Jan to Jun**
NET INCOME FOR THE PERIOD	**$8,712**	**$17,599**	$8,422	$14,963
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	**8,433**	**11,817**	(1,472)	1,190
Fair value changes on available-for-sale financial assets	**41**	**26**	35	42
	8,474	**11,843**	(1,437)	1,232
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:				
Remeasurement gains on defined benefit plans	**–**	**–**	–	58
	8,474	**11,843**	(1,437)	1,290
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**$17,186**	**$29,442**	$6,985	$16,253
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company	**$16,814**	**$28,879**	$6,985	$16,257
Non-controlling interests	**372**	**563**	–	(4)
	$17,186	**$29,442**	$6,985	$16,253

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2017, AND 2016 AND FOR THE YEAR ENDED DECEMBER 31, 2016

(in thousand dollars)

	Attributable to Equity Holders of the Parent Company										
	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**	**Total**
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	**155**	**(155)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Cost of share-based payments	**–**	**–**	**157**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**157**
Collections on subscriptions	**–**	**–**	**–**	**761**	**–**	**–**	**–**	**–**	**–**	**–**	**761**
Forfeitures during the period	**–**	**(25)**	**(192)**	**217**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Increase in non-controlling interest due to the acquisition of a subsidiary during the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**809**	**809**
Cash dividends	**–**	**–**	**–**	**–**	**(8,434)**	**–**	**–**	**–**	**–**	**–**	**(8,434)**
	35,091	**1,677**	**70,893**	**(11,357)**	**160,498**	**(1,013)**	**369**	**(20,640)**	**(6,428)**	**2,070**	**231,160**
Net income	**–**	**–**	**–**	**–**	**17,036**	**–**	**–**	**–**	**–**	**563**	**17,599**
Other comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**26**	**11,817**	**–**	**–**	**11,843**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**17,036**	**–**	**26**	**11,817**	**–**	**563**	**29,442**
Balances at June 30, 2017	**$35,091**	**$1,677**	**$70,893**	**($11,357)**	**$177,534**	**($1,013)**	**$395**	**($8,823)**	**($6,428)**	**$2,633**	**$260,602**

	Attributable to Equity Holders of the Parent Company											
	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**	**Attributable to Non-controlling Interest**	**Total**
Balances at January 1, 2016	$34,934	$1,908	$82,528	($13,132)	$149,437	($1,013)	$251	($16,545)	($6,296)	$171	$195	$232,438
Cost of share-based payments	–	–	424	–	–	–	–	–	–	–	–	424
Forfeitures during the period	–	(25)	(139)	164	–	–	–	–	–	–	–	–
Collections on subscriptions	–	–	–	457	–	–	–	–	–	–	–	457
Cash dividends	–	–	–	–	(8,610)	–	–	–	–	–	–	(8,610)
	34,934	1,883	82,813	(12,511)	140,827	(1,013)	251	(16,545)	(6,296)	171	195	224,709
Net income (loss)	–	–	–	–	14,967	–	–	–	–	–	(4)	14,963
Other comprehensive income	–	–	–	–	–	–	42	1,190	58	–	–	1,290
Total comprehensive income (loss)	–	–	–	–	14,967	–	42	1,190	58	–	(4)	16,253
Balances at June 30, 2016	$34,934	$1,883	$82,813	($12,511)	$155,794	($1,013)	$293	($15,355)	($6,238)	$171	$191	$240,962

	Attributable to Equity Holders of the Parent Company											
	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**	**Attributable to Non-controlling Interests**	**Total**
Balances at January 1, 2016	$34,934	$1,908	$82,528	($13,132)	$149,437	($1,013)	$251	($16,545)	($6,296)	$171	$195	$232,438
Issued shares during the year	2	(2)	–	–	–	–	–	–	–	–	–	–
Cost of share-based payments	–	–	744	–	–	–	–	–	–	–	–	744
Collections on subscriptions	–	–	–	462	–	–	–	–	–	–	–	462
Forfeitures during the year	–	(48)	(286)	335	–	–	–	–	–	–	–	–
Effect of recognition of financial liability arising from put options on business combination	–	–	(12,058)	–	–	–	–	–	–	–	–	(12,058)
Increase in non-controlling interest due to the acquisition of a subsidiary during the year	–	–	–	–	–	–	–	–	–	–	1,356	1,356
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	(171)	(190)	(360)
Cash dividends	–	–	–	–	(8,621)	–	–	–	–	–	–	(8,621)
	34,936	1,857	70,928	(12,335)	140,816	(1,013)	251	(16,545)	(6,296)	–	1,361	213,961
Net income (loss)	–	–	–	–	28,116	–	–	–	–	–	(100)	28,016
Other comprehensive income (loss)	–	–	–	–	–	–	118	(4,095)	(132)	–	–	(4,110)
Total comprehensive income (loss)	–	–	–	–	28,116	–	118	(4,095)	(132)	–	(100)	23,906
Balances at December 31, 2016	$34,936	$1,857	$70,928	($12,335)	$168,932	($1,013)	$369	($20,640)	($6,428)	$–	$1,261	$237,867

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(In thousand dollars)

	Unaudited	
	Jun 30, 2017	Jun 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**$21,371**	$18,109
Adjustments for:		
Depreciation of property, plant and equipment	**12,398**	11,937
Interest expense	**2,921**	1,475
Amortization of intangible assets	**1,263**	1,262
Unrealized foreign exchange losses - net	**(430)**	19
Gains on sale of property, plant and equipment	**(351)**	(13)
Interest income	**(240)**	(128)
Cost of share-based payments	**158**	424
Mark-to-market gains	**(109)**	–
Operating income before working capital changes	**36,981**	33,085
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	**(29,388)**	(20,090)
Inventories	**(39,795)**	(7,445)
Other current assets	**(3,316)**	(4,965)
Increase (decrease) in:		
Accounts payable and accrued expenses	**31,580**	20,873
Retirement liabilities and other long-term benefits	**(255)**	(1,316)
Advances from customers	**(5)**	(163)
Advances from third party	**4,231**	–
Accrued rent	**(85)**	(349)
Net cash generated from (used in) operations	**(52)**	19,630
Interest received	**253**	119
Interest paid	**(1,072)**	(1,290)
Income tax paid	**(2,012)**	(2,878)
Net cash provided by (used in) operating activities	**(2,883)**	15,581
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment	**(27,663)**	(21,577)
Intangible assets	**(2,058)**	(1,644)
Capitalized development costs	**(1,314)**	–
Acquisition through business combination, net of cash acquired	**(25,745)**	–
Proceeds from sale of property, plant and equipment	**659**	271
Decrease (increase) in other noncurrent assets	**441**	(286)
Net cash used in investing activities	**(55,680)**	(23,236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	**59,419**	22,204
Payment of loans	**(15,560)**	(252)
Dividends paid to equity holders of the Parent Company	**(8,435)**	(8,610)
Collections of subscriptions receivable	**760**	457
Net cash provided by financing activities	**36,184**	13,799
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	**382**	11
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(21,997)**	6,155
CASH AND CASH EQUIVALENTS AT JANUARY 1	**86,549**	101,532
CASH AND CASH EQUIVALENTS AT JUNE 30	**$64,552**	$107,687