



Integrated Micro-Electronics, Inc.

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May 6, 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: **Q1 2016 Performance**

Integrated Micro-Electronics Inc. (IMI) today reported that its first quarter revenues of \$199.1 million or ₱9.4 billion decreased by 1.1 percent year-on-year but increased by 3.2 percent sequentially from the fourth quarter of 2015 largely due to the company's continuing shift in revenue mix to new platform technologies. Operating income margin and EBITDA margin rose 40 basis points and 71 basis points to 4.6 percent and 7.9 percent, respectively.

Please refer to the attached press release. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'JAIME G. SANCHEZ', with a large, stylized flourish extending to the right.

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



PRESS RELEASE

IMI Delivers Increased Operating Profit

HIGHLIGHTS

- First quarter consolidated revenues of \$199.1 million or ₱9.4 billion decreased by 1.1 percent year-on-year but increased by 3.2 percent sequentially.
- Operating income for the first quarter reached \$9.2 million or ₱436.0 million, an increase of 8.4 percent compared to the same quarter a year ago. Net income was \$6.5 million or ₱311.0 million, a decrease of 3.7 percent.
- Operating income margin and EBITDA (earnings before interest, taxes, depreciation and amortization) margin rose 40 basis points and 71 basis points to 4.6 percent and 7.9 percent, respectively. Net income margin dipped slightly by 9 basis points to 3.3 percent.
- Capital investments in the first quarter totaled \$8.6 million, higher by 57 percent from last year with a significant portion of these investments directly supporting new business awards.

May 6, 2016, Laguna, Philippines — Integrated Micro-Electronics Inc. (PH: IMI), a leading global manufacturing solutions company, today reported financial results for the first quarter ended March 31.

Business Performance

Consolidated revenues of \$199.1 million or ₱9.4 billion decreased by 1.1 percent year-on-year but increased by 3.2 percent sequentially from the fourth quarter of 2015 largely due to the company's continuing shift in revenue mix to new platform technologies.

The transition reflects the company's strategy to limit some of its low-margin consumer electronics businesses and the discontinued products in computer peripherals while recent new product introductions in automotive and industrial have just started to ramp-up.

IMI's China operations posted \$66.6 million in revenues, a decrease of 3.3 percent mainly due to the slowdown of customer demand for consumer electronics, including programs with phased out models and reaching end-of-life. The decrease was partly offset by a stronger performance of the telecom segment which grew 24 percent driven by turnkey projects for various customers.

The company's Europe and Mexico operations generated \$73.3 million revenues in the first quarter, a 6.4 percent growth from the prior year as demand growth for automotive body controls and lighting systems in Bulgaria and Czech Republic mitigated the effect of a weaker euro. In Mexico, revenues increased by 15 percent due to higher demand for plastic injection and assembly. Excluding the impact of changes in foreign currency exchange rates, the total revenues for IMI's Europe and Mexico plants jumped higher by 11.2 percent.

The EMS operations in the Philippines saw a decrease of 2.3 percent to \$51.4 million in revenues. Certain programs in the automotive and industrial segments such as automotive camera, security access controls, asset tag sensors and lighting controls delivered robust growth that partially filled the revenue gap from computer peripherals.

Operating income reached \$9.2 million or ₱436.0 million, an increase of 8.4 percent, bringing the operating margin higher by 40 basis points to 4.6 percent primarily due to continuous improvements and disciplined cost management taking place across the entire company.

Net income was \$6.5 million or ₱311.0 million, a decrease of 3.7 percent. Net income margin was 9 basis points lower than in the previous year and stood at 3.3 percent.

Capital investments in the first quarter reached a total of \$8.6 million, higher by 57 percent from last year largely related to the company's investments in Mexico, Bulgaria, China and the Philippines to support line expansion and new product introduction. The new programs will commence production ramp-up in 2017.

Key messages

IMI president and chief executive officer Arthur Tan says, "Cautiously optimistic about global economic performance for 2016, we are encouraged by the firmer demand that we began to see from advanced markets. In China, as the government continues to implement wide ranging economic reforms, the slowdown of its economy may be short-lived. Soon, the rising middle class in China will be a major driver of domestic consumption of high-end and durable goods like cars and electronics. IMI will capitalize on this trend as we remain an integral part of the global supply chain for electronic products in the automotive and industrial space."

"We see 2016 as a transition year for IMI. We are upgrading our different manufacturing sites to be capable of producing next-generation products. After investing \$35.1 million in CAPEX last year, we expect to spend additional \$40.8 million in 2016 which will drive future acceleration in top-line growth. Despite our aggressive expansion, our balance sheet is in the same strong position. We returned \$8.6 million to shareholders through cash dividends which were paid during the quarter, reflecting our confidence in the company's financial strength and growth opportunities."

"Our foray into motorcycle assembly as the chosen subcontractor for manufacturing for the Ayala Automotive-KTM AG partnership will open new doors for IMI, both in electronics product development and manufacturing and in non-electronics assembly," says Tan.

Tan sums it up: "We are in exciting times—full of challenges but replete with opportunities. Our capabilities have improved to seize these opportunities."

The company's balance sheet at the end of March 2016 remains robust, with current ratio and debt-to-equity ratio at 1.48:1 and 0.47:1, respectively.

About IMI

Integrated Micro-Electronics Inc. (IMI) is one of the leading global providers of electronics manufacturing services (EMS) and power semiconductor assembly and test services with manufacturing facilities in Asia, Europe, and North America. It serves diversified markets that include those in the automotive, industrial, medical, telecommunications infrastructure, storage device, and consumer electronics industries. Committed to cost-effective and innovative customized solutions (from design and product development to manufacturing and order fulfillment), the company's comprehensive capabilities and global manufacturing presence allow it to take on specific outsourcing needs. A subsidiary of Ayala Corporation, IMI ranks 18th on the latest list of *Manufacturing Market Insider* for the top 50 EMS providers in the world based on the 2014 EMS-related revenues of companies. For more information, visit www.global-imi.com.

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INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET****AS OF MARCH 31, 2016****(With Comparative Audited Figures as of December 31, 2015)****(In thousand dollars)**

	(Unaudited) Mar 31, 2016	(Audited) Dec 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$90,320	\$101,532
Receivables - net	189,644	169,292
Inventories	100,089	88,255
Other current assets	10,863	10,936
Total Current Assets	390,916	370,015
Noncurrent Assets		
Property, plant and equipment - net	95,992	93,102
Goodwill	46,876	46,876
Intangible assets	1,878	2,398
Available-for-sale financial assets	632	584
Deferred tax assets	1,865	1,528
Other noncurrent assets	2,528	2,032
Total Noncurrent Assets	149,771	146,520
	\$540,687	\$516,535
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$174,933	\$152,817
Trust receipts and loans payable	42,200	42,298
Current portion of long-term debt	43,077	42,953
Income tax payable	3,095	2,534
Derivative liabilities	100	-
Total Current Liabilities	263,405	240,602
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt	35,012	34,649
Advances from customers	1,069	1,123
Net retirement liabilities	5,899	5,792
Deferred tax liabilities	1,184	1,358
Accrued rent	114	455
Other noncurrent liabilities	201	118
Total Noncurrent Liabilities	43,479	43,495
Total Liabilities	306,884	\$284,097

(Forward)

	(Unaudited) Mar 31, 2016	(Audited) Dec 31, 2015
EQUITY		
Equity attributable to equity holders of the Parent Company		
Capital stock - common	\$34,934	\$34,934
Subscribed capital stock	1,888	1,908
Additional paid-in capital	82,639	82,528
Subscriptions receivable	(12,489)	(13,132)
Retained earnings unappropriated	147,345	149,437
Treasury stock	(1,013)	(1,013)
Reserve for fluctuation on available-for-sale financial assets	258	251
Cumulative translation adjustment	(13,883)	(16,545)
Other comprehensive loss	(6,238)	(6,296)
Other reserves	171	171
	233,612	232,243
Equity attributable to non-controlling interests in consolidated subsidiaries		
	191	195
Total Equity	233,803	232,438
	\$540,687	\$516,535

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(In thousand dollars, except Earnings per Share)

	Unaudited 2016 Jan to Mar	Unaudited 2015 Jan to Mar
REVENUES FROM SALES AND SERVICES	\$199,103	\$201,225
COST OF GOODS SOLD AND SERVICES	178,269	178,664
GROSS PROFIT	20,834	22,561
OPERATING EXPENSES	(11,653)	(14,088)
OTHERS - Net		
Interest and bank charges	(753)	(629)
Foreign exchange losses	(551)	(804)
Interest income	84	186
Rental income	1	85
Miscellaneous income - net	(149)	615
INCOME BEFORE INCOME TAX	7,813	7,926
PROVISION FOR INCOME TAX	(1,272)	(1,140)
NET INCOME	\$6,541	\$6,786
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	\$6,545	\$6,795
Non-controlling interests	(4)	(9)
	\$6,541	\$6,786
Earnings Per Share:		
Basic and diluted	\$0.004	\$0.004

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(In thousand dollars)

	Unaudited 2016 Jan to Mar	Unaudited 2015 Jan to Mar
NET INCOME FOR THE PERIOD	\$6,541	\$6,786
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	2,662	(6,604)
Fair value changes on available-for-sale financial assets	7	35
	2,669	(6,569)
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:		
Remeasurement gains on defined benefit plans	58	—
	2,727	(6,569)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$9,268	\$217
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	\$9,272	\$226
Non-controlling interests	(4)	(9)
	\$9,268	\$217

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 AND FOR THE YEAR ENDED DECEMBER 31, 2015

(in thousand dollars)

Attributable to Equity Holders of the Parent Company

	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	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
Issued shares during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	-	210	-	-	-	-	-	-	-	-	-	210
Forfeitures during the year	-	-	(20)	(99)	119	-	-	-	-	-	-	-	-	-
Collections on subscriptions	-	-	-	-	524	-	-	-	-	-	-	-	-	524
Reversal of appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(8,637)	-	-	-	-	-	-	(8,637)
	34,934	-	1,888	82,639	(12,489)	-	140,800	(1,013)	251	(16,545)	(6,296)	171	195	224,535
Net income (loss)	-	-	-	-	-	-	6,545	-	-	-	-	-	(4)	6,541
Other comprehensive income	-	-	-	-	-	-	-	-	7	2,662	58	-	-	2,727
Total comprehensive income (loss)	-	-	-	-	-	-	6,545	-	7	2,662	58	-	(4)	9,268
Balances at March 31, 2016	\$34,934	\$-	\$1,888	\$82,639	(\$12,489)	\$-	\$147,345	(\$1,013)	\$258	(\$13,883)	(\$6,238)	\$171	\$191	\$233,803

Attributable to Equity Holders of the Parent Company

	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	Other Comprehensive Loss	Other Reserves	Attributable to Non-controlling Interest	Total
Balances at January 1, 2015	\$34,877	\$26,601	\$1,798	\$80,481	(\$12,907)	\$20,661	\$109,481	(\$1,013)	\$184	(\$10,709)	(\$5,574)	\$171	\$214	\$244,265
Issued shares during the period	0	-	(0)	-	-	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	-	479	-	-	-	-	-	-	-	-	-	479
Collections on subscriptions	-	-	-	-	413	-	-	-	-	-	-	-	-	413
Reversal of appropriation	-	-	-	-	-	(20,661)	20,661	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(7,868)	-	-	-	-	-	-	(7,868)
	34,877	26,601	1,798	80,960	(12,494)	-	122,274	(1,013)	184	(10,709)	(5,574)	171	214	237,289
Net income (loss)	-	-	-	-	-	-	6,795	-	-	-	-	-	(9)	6,786
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	35	(6,604)	-	-	-	(6,569)
Total comprehensive income (loss)	-	-	-	-	-	-	6,795	-	35	(6,604)	-	-	(9)	217
Balances at March 31, 2015	\$34,877	\$26,601	\$1,798	\$80,960	(\$12,494)	\$-	\$129,069	(\$1,013)	\$219	(\$17,313)	(\$5,574)	\$171	\$205	\$237,506

Attributable to Equity Holders of the Parent Company

	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	Other Comprehensive Loss	Other Reserves	Attributable to Non- controlling Interests	Total
Balances at January 1, 2015	\$34,877	\$26,601	\$1,798	\$80,481	(\$12,907)	\$20,661	\$109,481	(\$1,013)	\$184	(\$10,710)	(\$5,574)	\$171	\$215	\$244,265
Issued shares during the year	57	-	(57)	-	-	-	-	-	-	-	-	-	-	-
Redemption of preferred shares	-	(26,601)	-	-	-	-	(1,835)	-	-	-	-	-	-	(28,436)
Subscriptions during the year	-	-	222	914	(1,136)	-	-	-	-	-	-	-	-	-
Collections on subscriptions	-	-	-	-	460	-	-	-	-	-	-	-	-	460
Forfeitures during the year	-	-	(55)	(395)	451	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	-	1,528	-	-	-	-	-	-	-	-	-	1,528
Reversal of appropriated retained earnings	-	-	-	-	-	(20,661)	20,661	-	-	-	-	-	-	-
Reversal of cash dividends declared in advance	-	-	-	-	-	-	208	-	-	-	-	-	-	208
Cash dividends	-	-	-	-	-	-	(7,868)	-	-	-	-	-	-	(7,868)
	34,934	-	1,908	82,528	(13,132)	-	120,647	(1,013)	184	(10,710)	(5,574)	171	215	210,157
Net income (loss)	-	-	-	-	-	-	28,790	-	-	-	-	-	-	28,771
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	67	(5,835)	(722)	-	-	(6,490)
Total comprehensive income (loss)	-	-	-	-	-	-	28,790	-	67	(5,835)	(722)	-	(20)	22,281
Balances at December 31, 2015	\$34,934	\$-	\$1,908	\$82,528	(\$13,132)	\$-	\$149,437	(\$1,013)	\$251	(\$16,545)	(\$6,296)	\$171	\$195	\$232,438

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(In thousand dollars)

	Unaudited Mar 31, 2016	Mar 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$7,813	\$7,926
Adjustments for:		
Depreciation of property, plant and equipment	6,400	6,177
Provision for inventory obsolescence	(1,723)	432
Interest expense	736	629
Amortization of intangible assets	616	532
Unrealized foreign exchange losses (gains) - net	(323)	950
Cost of share-based payments	210	479
Interest income	(84)	(186)
Provisions for doubtful accounts	(75)	117
Gains on sale of property, plant and equipment	(3)	(55)
Operating income before working capital changes	13,567	17,001
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	(17,792)	15,435
Inventories	(9,768)	(5,040)
Other current assets	74	1,713
Increase (decrease) in:		
Accounts payable and accrued expenses	21,437	(3,627)
Retirement liabilities and other long-term benefits	219	(178)
Advances from customers	(54)	(93)
Accrued rent	(341)	(7)
Net cash generated from operations	7,342	25,204
Interest received	75	189
Interest paid	(703)	(561)
Income tax paid	(1,148)	(2,264)
Net cash provided by operating activities	5,566	22,568
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment	(\$8,558)	(\$5,445)
Intangible assets	(73)	(13)
Proceeds from sale of property, plant and equipment	299	213
Decrease (increase) in other noncurrent assets	(496)	84
Net cash used in investing activities	(8,828)	(3,161)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to equity holders of the Parent Company	(8,637)	(8,107)
Collections of subscriptions receivable	524	413
Payment of loans	(97)	(18,952)
Availment of loans	-	4,387
Decrease in obligations under finance lease	-	(456)
Net cash used in financing activities	(8,210)	(22,715)
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	260	(547)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,212)	(5,855)
CASH AND CASH EQUIVALENTS AT JANUARY 1	101,532	117,626
CASH AND CASH EQUIVALENTS AT MARCH 31	\$90,320	\$111,771