



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-imi.com

August 10, 2016

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 Operating Profit Up 19% in First Half 2016**

Integrated Micro-Electronics Inc. (IMI) today announced that it posted \$20.7 million (Php972.2 million) in operating income for the period of January to June 2016-- 19 percent higher than that for the same period of 2015, despite a slight decrease in revenues to \$409.7 million (Php 19.3 billion) from \$416.3 million..

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

Very truly yours,


LAURICE S. DELA CRUZ
Deputy Controller
Regulatory Compliance Manager



PRESS RELEASE

IMI's Operating Profit Up 19% in First Half 2016

August 10, 2016, Laguna, Philippines — Integrated Micro-Electronics Inc. (IMI), one of the leading worldwide providers of electronics manufacturing services (EMS), today announced that it posted \$20.7 million (Php972.2 million) in operating income for the period of January to June 2016-- 19 percent higher than that for the same period of 2015, despite a slight decrease in revenues to \$409.7 million (Php 19.3 billion) from \$416.3 million.

Focus on high-margin product segments, continuous improvements in operations, and disciplined cost management contributed to the rise in operating income.

IMI president and chief operating officer Gilles Bernard says, "The improvement in operating income came about as we expanded business in higher-margin segments of automotive and industrial. Line productivity and cost saving programs also had a positive impact."

The company's reported net income after tax for the first half of 2016 of \$15 million (Php 703.3 million) is slightly lower by 1.5 percent year over year.

Capital investments in the first half reached \$23.2 million, mainly for Mexico, Bulgaria, China and the Philippines to support line expansion. Production volume ramp up in automotive and industrial lines will commence in the fourth quarter of the year.

IMI's Europe and Mexico operations recorded \$153.4 million in revenues in the first half, an 11.5 percent improvement year over year, as the demand for automotive body controls and lighting systems that IMI assemble in Bulgaria and Czech Republic increased. In Mexico, revenues increased by 8.5 percent due to the strong performance of IMI's plastic injection and assembly lines.

The company's China operations posted \$130.4 million in revenues, down 10.7 percent year-on-year mainly due to weak performance of the consumer electronics lines. The telecommunications infrastructure business, however, grew 6.8 percent year-on-year.

Revenues for IMI's EMS operations in the Philippines remained flat at \$109.6 million. Lines for automotive cameras, security and access controls, asset tag sensors, and lighting controls continued on the growth path, partially offsetting the weak storage device business.

The company's balance sheet at end-June 2016 remains healthy, with current ratio and debt-to-equity ratio at 1.44:1 and 0.55:1, respectively.

IMI chief executive officer Arthur Tan says, "We continue expanding our lines, preparing them for the next wave of positive trends."

"The relentless rise in technology innovations is giving businesses speed and agility, and driving performance to ensure business success. We are optimistic that IMI has what it takes to remain relevant and on top of tech developments and trends down the road," adds Tan.

About IMI

Integrated Micro-Electronics Inc. (IMI), a subsidiary of Ayala Corporation, is among the top 50 electronics manufacturing services (EMS) providers in the world based on the latest list of Manufacturing Market Insider based on EMS-related revenues. In the automotive segment, it

is the 6th largest EMS provider in the world per New Venture Research. IMI specializes in durable 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, China, and the Philippines, IMI provides engineering, manufacturing, and support and fulfillment capabilities to diverse industries globally. For more information, visit www.global-imi.com.

Press Contact:

Frederick Blancas
IMI Strategic Planning and Marketing
Mobile Phone +63917 8632070
E-mail Frederick.Blancas@global-imi.com
Website www.global-imi.com

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET****AS OF JUNE 30, 2016****(With Comparative Audited Figures as of December 31, 2015)****(In thousand dollars)**

	(Unaudited) Jun 30, 2016	(Audited) Dec 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$107,687	\$101,532
Receivables - net	185,685	169,292
Inventories	97,671	88,255
Other current assets	15,983	10,936
Total Current Assets	407,026	370,015
Noncurrent Assets		
Property, plant and equipment – net	102,965	93,102
Goodwill	46,876	46,876
Intangible assets	2,757	2,398
Available-for-sale financial assets	620	584
Deferred tax assets	1,756	1,528
Other noncurrent assets	2,318	2,032
Total Noncurrent Assets	157,292	146,520
	\$564,318	\$516,535
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$171,449	\$152,817
Trust receipts and loans payable	64,360	42,298
Current portion of long-term debt	43,005	42,953
Income tax payable	3,243	2,534
Total Current Liabilities	282,057	240,602
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt	34,485	34,649
Advances from customers	960	1,123
Net retirement liabilities	4,414	5,792
Deferred tax liabilities	1,137	1,358
Accrued rent	106	455
Other noncurrent liabilities	197	118
Total Noncurrent Liabilities	41,299	43,495
Total Liabilities	323,356	284,097

(Forward)

	(Unaudited) Jun 30, 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	1,883	1,908
Additional paid-in capital	82,813	82,528
Subscriptions receivable	(12,511)	(13,132)
Retained earnings unappropriated	155,794	149,437
Treasury stock	(1,013)	(1,013)
Reserve for fluctuation on available-for-sale financial assets	293	251
Cumulative translation adjustment	(15,355)	(16,545)
Other comprehensive loss	(6,238)	(6,296)
Other reserves	171	171
	240,771	232,243
Equity attributable to non-controlling interests in consolidated subsidiaries		
	191	195
Total Equity	240,962	232,438
	\$564,318	\$516,535

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(In thousand dollars, except Earnings per Share)

	Unaudited 2016		Unaudited 2015	
	Apr to Jun	Jan to Jun	Apr to Jun	Jan to Jun
REVENUES FROM SALES AND SERVICES	\$210,638	\$409,741	\$215,122	\$416,347
COST OF GOODS SOLD AND SERVICES	184,151	362,419	191,811	370,474
GROSS PROFIT	26,487	47,322	23,311	45,873
OPERATING EXPENSES	(14,987)	(26,641)	(14,389)	(28,477)
OTHERS - Net				
Interest and bank charges	(759)	(1,512)	(657)	(1,286)
Foreign exchange gains (losses)	(774)	(1,325)	729	(76)
Interest income	45	128	129	316
Rental income	1	2	154	239
Miscellaneous income - net	284	135	831	1,446
INCOME BEFORE INCOME TAX	10,297	18,109	10,108	18,035
PROVISION FOR INCOME TAX	(1,875)	(3,146)	(1,713)	(2,853)
NET INCOME	\$8,422	\$14,963	\$8,395	\$15,182
Net Income (Loss) Attributable to:				
Equity holders of the Parent Company	\$8,422	\$14,967	\$8,398	\$15,194
Non-controlling interests	0	(4)	(3)	(12)
	\$8,422	\$14,963	\$8,395	\$15,182
Earnings Per Share				
Basic and diluted		\$0.008		\$0.008

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(In thousand dollars)

	Unaudited 2016		Unaudited 2015	
	Apr to Jun	Jan to Jun	Apr to Jun	Jan to Jun
NET INCOME FOR THE PERIOD	\$8,422	\$14,963	\$8,395	\$15,182
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	(1,472)	1,190	2,302	(4,302)
Fair value changes on available-for-sale financial assets	35	42	14	49
	(1,437)	1,232	2,316	(4,253)
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:				
Remeasurement gains on defined benefit plans	–	58	–	–
	(1,437)	1,290	2,316	(4,253)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$6,985	\$16,253	\$10,711	\$10,929
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company	\$6,985	\$16,257	\$10,714	\$10,941
Non-controlling interests	0	(4)	(3)	(12)
	\$6,985	\$16,253	\$10,711	\$10,929

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 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
Cost of share-based payments	-	-	-	424	-	-	-	-	-	-	-	-	-	424
Forfeitures during the year	-	-	(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	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	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	3	-	(3)	-	-	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	-	865	-	-	-	-	-	-	-	-	-	865
Collections on subscriptions	-	-	-	-	403	-	-	-	-	-	-	-	-	403
Forfeitures of subscriptions	-	-	(8)	-	8	-	-	-	-	-	-	-	-	-
Reversal of appropriation	-	-	-	-	-	(20,661)	20,661	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(7,868)	-	-	-	-	-	-	(7,868)
	34,880	26,601	1,787	80,346	(12,496)	-	122,274	(1,013)	184	(10,709)	(5,574)	171	214	237,665
Net income (loss)	-	-	-	-	-	-	15,194	-	-	-	-	-	(12)	15,182
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	49	(4,302)	-	-	-	(4,253)
Total comprehensive income (loss)	-	-	-	-	-	-	15,194	-	49	(4,302)	-	-	(12)	10,929
Balances at June 30, 2015	\$34,880	\$26,601	\$1,787	\$80,346	(\$12,496)	\$-	\$137,468	(\$1,013)	\$233	(\$15,011)	(\$5,574)	\$171	\$202	\$248,594

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)	-	(20)	(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 SIX MONTHS ENDED JUNE 30, 2016 AND 2015**

(In thousand dollars)

	Unaudited	
	Jun 30, 2016	Jun 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$18,109	\$18,035
Adjustments for:		
Depreciation of property, plant and equipment	11,937	11,001
Reversal of inventory obsolescence	(1,929)	(81)
Interest expense	1,475	1,286
Amortization of intangible assets	1,262	1,066
Cost of share-based payments	424	865
Interest income	(128)	(316)
Provisions for (reversal of) doubtful accounts	(83)	87
Unrealized foreign exchange losses - net	19	301
Gains on sale of property, plant and equipment	(13)	(49)
Reversal of decline in inventories	-	100
Operating income before working capital changes	31,073	32,295
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	(18,161)	(7,185)
Inventories	(7,362)	1,324
Other current assets	(4,965)	551
Increase (decrease) in:		
Accounts payable and accrued expenses	20,873	(334)
Retirement liabilities and other long-term benefits	(1,316)	330
Advances from customers	(163)	(155)
Accrued rent	(349)	(10)
Net cash generated from operations	19,630	26,816
Interest received	119	316
Interest paid	(1,290)	(1,134)
Income tax paid	(2,878)	(4,128)
Net cash provided by operating activities	15,581	21,870
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment	(21,577)	(14,040)
Intangible assets	(1,644)	(75)
Proceeds from sale of property, plant and equipment	271	136
Decrease (increase) in other noncurrent assets	(286)	120
Net cash used in investing activities	(23,236)	(13,859)

(Forward)

	Unaudited	
	Jun 30, 2016	Jun 30, 2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	\$22,204	\$4,771
Dividends paid to equity holders of the Parent Company	(8,610)	(8,352)
Collections of subscriptions receivable	457	403
Payment of loans	(252)	(19,281)
Decrease in obligations under finance lease	–	(2,256)
Net cash provided by (used in) financing activities	13,799	(24,715)
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS		
	11	(298)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	6,155	(17,002)
CASH AND CASH EQUIVALENTS AT JANUARY 1	101,532	117,626
CASH AND CASH EQUIVALENTS AT JUNE 30	\$107,687	\$100,624