



**Integrated Microelectronics, Inc.**

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May 13, 2011

**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: Ms. Janet A. Encarnacion  
Head, Disclosure Department

Subject: **IMI Grows 36% in Q1 2011**

Integrated Micro-Electronics Inc. (IMI) posted a 36 percent year-on-year growth in revenues to US\$123 million in the first quarter of 2011, as its China operations sustained strong growth and its subsidiary PSi Technologies Inc. (PSi) contributed additional revenues.

Attached are IMI's unaudited consolidated financial statements and press release for your reference.

The above information is being submitted in compliance with the disclosure rules of the Securities and Exchange Commission and the Philippine Stock Exchange.

Thank you.

Very truly yours,

**Jaime G. Sanchez**

Vice President, Deputy CFO and Group Controller

**INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET****AS OF MARCH 31, 2011****(With Comparative Audited Figures as of December 31, 2010)****(In thousand dollars)**

	(Unaudited) March 31, 2011	(Audited) Dec 31, 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$35,875	\$38,135
Derivative assets (Note 17)	1,614	1,693
Loans and receivables - net (Note 5)	112,284	109,936
Inventories (Note 6)	58,985	54,694
Other current assets	4,406	2,509
Total Current Assets	213,164	206,967
<b>Noncurrent Assets</b>		
Noncurrent receivables	183	184
Property, plant and equipment - net (Note 7)	71,025	74,624
Goodwill	55,719	55,719
Intangible assets (Note 8)	908	923
Pension asset	2,766	2,766
Available-for-sale financial assets	403	383
Deferred income tax assets	115	115
Other noncurrent assets	1,651	1,497
Total Noncurrent Assets	132,770	136,211
	<b>\$345,934</b>	<b>\$343,178</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Note 9)	\$112,322	\$105,346
Derivative liabilities	2,999	3,832
Income tax payable	1,026	2,299
Loans payable (Note 10)	19,340	17,922
Current portion of long-term debt (Note 11)	38,000	38,000
Total Current Liabilities	173,687	167,399
<b>Noncurrent Liabilities</b>		
Long-term debt (Note 11)	372	372
Obligation under finance lease	68	118
Pension liability	1,050	986
Deferred revenue (Note 12)	2,501	2,565
Accrued rent – noncurrent	757	894
Total Noncurrent Liabilities	4,748	4,935
Total Liabilities	178,435	172,334

(Forward)

	(Unaudited) March 31, 2011	(Audited) Dec 31, 2010
<b>Equity</b>		
<b>Equity attributable to equity holders of the Parent Company</b>		
Capital stock - common	\$24,913	\$24,894
Capital stock - preferred	26,601	26,601
Subscribed capital stock	1,883	1,902
Additional paid-in capital	35,026	34,647
Subscriptions receivable	(11,397)	(11,412)
Retained earnings:		
Appropriated for expansion	40,661	60,661
Unappropriated	49,249	32,727
Treasury stock	(1,013)	(1,013)
Reserve for fluctuation on available-for-sale financial assets	128	112
Other reserves	171	171
	<b>166,222</b>	169,290
<b>Noncontrolling interests in a consolidated subsidiary</b>	<b>1,277</b>	1,554
<b>Total Equity</b>	<b>167,499</b>	170,844
	<b>\$345,934</b>	\$343,178

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

**INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010****(In thousand dollars, except Earnings per Share)**

	Unaudited 2011 January to March	Unaudited 2010 January to March
<b>REVENUES FROM SALES AND SERVICES</b>	<b>\$122,962</b>	<b>\$90,542</b>
<b>COST OF GOODS SOLD AND SERVICES</b>	<b>113,277</b>	<b>79,729</b>
<b>GROSS PROFIT</b>	<b>9,685</b>	<b>10,813</b>
<b>OPERATING EXPENSES</b>	<b>(10,405)</b>	<b>(9,668)</b>
<b>OTHERS - Net</b>		
Interest and bank charges	(270)	(192)
Interest income	87	127
Foreign exchange gains	1,027	2,799
Miscellaneous	717	489
<b>INCOME BEFORE INCOME TAX</b>	<b>841</b>	<b>4,368</b>
<b>PROVISION FOR INCOME TAX</b>	<b>(721)</b>	<b>(1,148)</b>
<b>NET INCOME</b>	<b>120</b>	<b>3,220</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Fair value changes on available-for-sale financial assets	16	6
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$136</b>	<b>\$3,226</b>
<b>Net Income (Loss) Attributable to:</b>		
Equity holders of the Parent Company	\$377	\$3,206
Noncontrolling interests	(257)	14
	<b>\$120</b>	<b>\$3,220</b>
<b>Total Comprehensive Income (Loss) Attributable to:</b>		
Equity holders of the Parent Company	\$393	\$3,212
Noncontrolling interests	(257)	14
	<b>\$136</b>	<b>\$3,226</b>
<b>Earnings (Loss) Per Share:</b>		
Basic and Diluted	<b>(\$0.0002)</b>	<b>\$0.0012</b>

# INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(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	Other Reserves	Attributable to Noncontrolling Interest	Total
Balances at January 1, 2011	\$24,894	\$26,601	\$1,902	\$34,647	(\$11,412)	\$60,661	\$32,727	(\$1,013)	\$112	\$171	\$1,554	\$170,844
Shares issued during the period	19	—	(19)	—	—	—	—	—	—	—	—	—
Cost of share-based payments	—	—	—	200	—	—	—	—	—	—	—	200
Collection on subscriptions	—	—	—	—	194	—	—	—	—	—	—	194
Accretion of subscription receivable	—	—	—	179	(179)	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	(3,854)	—	—	—	(20)	(3,874)
Reversal of appropriated retained earnings	—	—	—	—	—	(20,000)	20,000	—	—	—	—	—
	24,913	26,601	1,883	35,026	(11,397)	40,661	48,873	(1,013)	112	171	1,534	167,364
Net income (loss)	—	—	—	—	—	—	376	—	—	—	(257)	119
Other comprehensive income	—	—	—	—	—	—	—	—	16	—	—	16
Total comprehensive income (loss)	—	—	—	—	—	—	376	—	16	—	(257)	135
<b>Balances at March 31, 2011</b>	<b>\$24,913</b>	<b>\$26,601</b>	<b>\$1,883</b>	<b>\$35,026</b>	<b>(\$11,397)</b>	<b>\$40,661</b>	<b>\$49,249</b>	<b>(\$1,013)</b>	<b>\$128</b>	<b>\$171</b>	<b>\$1,277</b>	<b>\$167,499</b>

	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	Other Reserves	Attributable to Noncontrolling Interest	Total
Balances at January 1, 2010	\$20,268	\$26,601	\$2,168	\$30,482	(\$10,153)	\$60,661	\$37,458	(\$1,013)	\$57	\$162	\$292	\$166,983
Cost of share-based payments	—	—	—	311	—	—	—	—	—	—	—	311
Collection on subscriptions	—	—	—	—	613	—	—	—	—	—	—	613
Net reversal of accretion of subscription receivable	—	—	—	303	(303)	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	(2,401)	—	—	—	(40)	(2,441)
	20,268	26,601	2,168	31,096	(9,843)	60,661	35,057	(1,013)	57	162	252	165,466
Net income	—	—	—	—	—	—	3,206	—	—	—	14	3,220
Other comprehensive income	—	—	—	—	—	—	—	—	6	—	—	6
Total comprehensive income	—	—	—	—	—	—	3,206	—	6	—	14	3,226
<b>Balances at March 31, 2010</b>	<b>\$20,268</b>	<b>\$26,601</b>	<b>\$2,168</b>	<b>\$31,096</b>	<b>(\$9,843)</b>	<b>\$60,661</b>	<b>\$38,263</b>	<b>(\$1,013)</b>	<b>\$63</b>	<b>\$162</b>	<b>\$266</b>	<b>\$168,692</b>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010**  
(In thousand dollars)

	Unaudited March 31, 2011	March 31, 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$841	\$4,368
Adjustments for:		
Depreciation of property, plant and equipment (Note 7)	5,336	4,435
Amortization of intangible assets (Note 8)	110	703
Gains on derivatives (Note 17)	(1,230)	(459)
Provision for restructuring	—	450
Provision for inventory obsolescence	417	437
Provision for doubtful accounts (Note 5)	—	318
Cost of share-based payments	200	311
Unrealized foreign exchange gain (loss)	73	(286)
Interest and bank charges	270	192
Interest income	(87)	(127)
Gain on sale of property, plant and equipment	(79)	(28)
Loss on retirement of property, plant and equipment	—	10
Operating income before working capital changes	5,851	10,324
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	(2,433)	16,603
Inventories	(4,707)	(5,519)
Other current assets	(1,899)	(1,058)
Net pension asset	64	—
Increase (Decrease) in:		
Accounts payable and accrued expenses	5,086	(15,877)
Deferred revenue	(64)	(304)
Accrued rent - noncurrent	(137)	—
Net cash generated from operations	1,761	4,169
Interest received	87	127
Interest paid	(253)	(192)
Income tax paid	(1,994)	(1,464)
Net cash provided by (used in) operating activities	(399)	2,640
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	619	999
Acquisition of:		
Property, plant and equipment (Note 7)	(2,277)	(8,519)
Intangible assets (Note 8)	(95)	(5)
Settlement of derivatives	476	—
Decrease in other noncurrent assets	(148)	(170)
Net cash used in investing activities	(1,425)	(7,695)

(Forward)

	<b>Unaudited</b>	
	<b>March 31, 2011</b>	March 31, 2010
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to Parent Company	<b>(\$2,037)</b>	(\$600)
Collections of subscriptions receivable	<b>194</b>	613
Dividends paid to Minority	<b>(20)</b>	(40)
Availment of loans	<b>1,419</b>	—
Payment of loans	<b>—</b>	(638)
Net cash used in financing activities	<b>(444)</b>	(665)
<b>NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS</b>	<b>8</b>	10
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,260)</b>	(5,710)
<b>CASH AND CASH EQUIVALENTS AT JANUARY 1</b>	<b>38,135</b>	53,932
<b>CASH AND CASH EQUIVALENTS AT MARCH 31, 2011 (Note 4)</b>	<b>\$35,875</b>	\$48,222

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*



## PRESS RELEASE

### IMI Grows 36% in Q1 2011

**May 13, 2011, Laguna, Philippines** – Integrated Micro-Electronics Inc. (IMI), a leading provider of electronics manufacturing services (EMS) and power semiconductor assembly and test services in the Asian region and a member of the Ayala group of companies, posted a 36 percent year-on-year growth in revenues to US\$123 million in the first quarter of 2011, as its China operations sustained strong growth and its subsidiary PSi Technologies Inc (PSi) contributed additional revenues.

The combined China and Singapore operations generated US\$65.2 million in revenues in the first quarter of the year, a 23 percent growth year-on-year. PSi contributed US\$20.6 million in revenues.

Arthur Tan, IMI president and chief executive officer, said, “In an environment marked by improving yet fragile economies in Europe and North America and an uncertain Japanese economy, our revenues continued to grow, leveraging the robust consumer demand for electronics in China and other emerging economies. The increase in our turnkey business coupled with increasing costs of doing business, however, had some negative impact on our bottom line.”

IMI generated a net income after tax of US\$377 thousand, lower than the figure for the same period of last year due partly to the increase in its direct material costs to address the issue of stretched materials’ lead times. Further, the company was affected by the increasing costs of doing business due to the relative strength of Asian currencies against the US dollar and the oil price hikes.

Despite the lower net income, IMI continues to exhibit a healthy financial position with a cash balance of US\$35.9 million and a debt-to-equity ratio of 0.34:1. This ensures the company financial flexibility in pursuing its strategic initiatives as it continues to satisfy both its operating requirements and debt payment obligations.

Tan remains optimistic for IMI. He said, “Our businesses in the emerging markets of automotive and industrial electronics will be driving our performance moving forward. Bosch, a top electronics manufacturer in the automotive market, just renewed our preferred supplier status with them. On top of this, our synergies with PSi will help us penetrate the electric vehicle niche market. Lastly, we will be establishing soon our manufacturing presence in Eastern Europe and Mexico to better serve our customers in Europe and North America.”

“The effects of all these may not be evident this year as the gestation periods for businesses involving high-end, high-reliability products such as those in emerging markets are longer than for products in the traditional markets of computing, communications, and consumer electronics. I foresee IMI recording improved bottom line in 2012.”



**About IMI**

Integrated Micro-Electronics Inc. (IMI) is a leading provider of electronics manufacturing services (EMS) and power semiconductor assembly and test services. It serves diversified markets that include those in the automotive, industrial, medical, solar energy, telecommunications infrastructure, storage device, and consumer electronics industries. Committed to cost-effective and top-quality customized solutions, IMI's comprehensive capabilities and global manufacturing presence allow it to take on specific outsourcing needs. IMI's flexible solutions encompass design and product development, manufacturing, and order fulfillment. IMI is consistently ranked among the top 30 EMS providers in the world. A subsidiary of Ayala Corporation, IMI is listed in the Philippine Stock Exchange. IMI has manufacturing and engineering facilities in the Philippines, Singapore, China, and the U.S.A. For more information, visit [www.global-imi.com](http://www.global-imi.com).

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