



Integrated Microelectronics, Inc.

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August 5, 2010

Securities and Exchange Commission

Corporation & Finance Department

SEC Building, EDSA

Mandaluyong City

Attention: Ms. Justina F. Callangan
Director, Corporation & Finance Department

Philippine Stock Exchange

3/F PSE Plaza, Ayala Triangle

Ayala Avenue, Makati City

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

Subject: **IMI Grows by 11% in First Half of 2010**

Gentlemen:

Integrated Micro-Electronics Inc. (IMI), a leading electronics manufacturing services (EMS) provider to the world's key original equipment manufacturers (OEMs) and a member of the Ayala group of companies, ended the first half of 2010 with a substantial revenue growth. It achieved revenues of US\$188.8 million in the first six months of the year, an 11 percent increase from the same period in 2009, as the electronics industry continues to rebound following the global financial crisis.

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,

A handwritten signature in black ink, appearing to read "Anthony Rodriguez", is written over the typed name.
Anthony Raymond P. Rodriguez
AVP, Head – Treasury & Credit

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET****AS OF JUNE 30, 2010****(With Comparative Audited Figures as of December 31, 2009)****(In thousand dollars)**

	(Unaudited) Jun 30, 2010	(Audited) Dec 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$35,373	\$53,932
Derivative assets (Note 13)	439	—
Loans and receivables - net (Note 5)	88,302	95,968
Inventories (Note 6)	38,385	31,875
Other current assets	3,365	1,421
Total Current Assets	165,864	183,196
Noncurrent Assets		
Noncurrent receivables	—	381
Property, plant and equipment - net (Note 7)	66,706	63,128
Goodwill	46,226	46,226
Intangible assets (Note 8)	1,804	2,803
Net pension asset	2,866	2,866
Available-for-sale financial assets	332	309
Deferred income tax assets	109	109
Other noncurrent assets	1,169	3,064
Total Noncurrent Assets	119,212	118,886
	\$285,076	\$302,082

LIABILITIES AND EQUITY**Current Liabilities**

Accounts payable and accrued expenses (Note 9)	\$70,781	\$83,177
Derivative liabilities	381	—
Income tax payable	2,785	3,262
Provisions	—	44
Loans Payable (Note 10)	1,215	2,302
Current portion of long-term debt (Note 11)	8,000	8,000
Total Current Liabilities	83,162	96,785

Noncurrent Liabilities

Long-term debt (Note 11)	34,000	38,000
Obligation under finance lease	217	315
Total Noncurrent Liabilities	34,217	38,315
Total Liabilities	117,379	135,100

(Forward)

	(Unaudited) Jun 30, 2010	(Audited) Dec 31, 2009
Equity		
Equity attributable to equity holders of the		
Parent Company		
Capital stock - common	\$20,268	\$20,268
Capital stock - preferred	26,601	26,601
Subscribed capital stock	2,540	2,168
Additional paid-in capital	32,787	30,482
Subscriptions receivable	(11,617)	(10,153)
Retained earnings:		
Appropriated for expansion	60,661	60,661
Unappropriated	36,949	37,458
Treasury stock	(1,013)	(1,013)
Reserve for fluctuation on available-for-sale financial assets	81	57
Other reserves	161	161
	167,418	166,690
Minority interests in a consolidated subsidiary	279	292
Total Equity	167,697	166,982
	\$285,076	\$302,082

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 AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In thousand dollars, except Earnings per Share)

	Unaudited 2010		Unaudited 2009	
	Apr to Jun	Jan to Jun	Apr to Jun	Jan to Jun
REVENUES FROM SALES AND SERVICES	\$98,269	\$188,811	\$87,899	\$169,370
COST OF GOODS SOLD AND SERVICES	87,245	166,974	80,195	151,561
GROSS PROFIT	11,024	21,837	7,704	17,809
OPERATING EXPENSES	(7,822)	(17,490)	(7,878)	(17,379)
OTHERS - Net				
Interest and bank charges	(210)	(402)	(525)	(1,121)
Interest income	85	212	153	382
Foreign exchange gains (losses)	128	2,927	(301)	166
Miscellaneous	(737)	(248)	7,592	7,519
INCOME BEFORE INCOME TAX	2,468	6,836	6,745	7,376
PROVISION FOR INCOME TAX	(985)	(2,133)	(305)	(1,358)
NET INCOME	1,483	4,703	6,440	6,018
OTHER COMPREHENSIVE INCOME				
Fair value changes on available-for-sale financial assets	18	24	(8)	5
TOTAL COMPREHENSIVE INCOME	\$1,501	\$4,727	\$6,432	\$6,023
Net Income Attributable to:				
Equity holders of the Parent Company	\$1,470	\$4,676	\$6,428	\$5,986
Minority interests	13	27	12	32
	\$1,483	\$4,703	\$6,440	\$6,018
Total Comprehensive Income Attributable to:				
Equity holders of the Parent Company	\$1,488	\$4,700	\$6,420	\$5,991
Minority interests	13	27	12	32
	\$1,501	\$4,727	\$6,432	\$6,023
Earnings Per Share:				
Basic and Diluted		\$0.0028		\$0.0040

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (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 Minority Interest	Total
Balances at January 1, 2010	\$20,268	\$26,601	\$2,168	\$30,482	(\$10,153)	\$60,661	\$37,458	(\$1,013)	\$57	\$161	\$292	\$166,982
Shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	-
Subscriptions during the period	-	-	372	1,135	(1,507)	-	-	-	-	-	-	-
Cost of share-based payments	-	-	-	288	-	-	-	-	-	-	-	288
Collection on subscriptions	-	-	-	-	925	-	-	-	-	-	-	925
Net reversal of accretion of subscription receivable	-	-	-	882	(882)	-	-	-	-	-	-	-
Dilution of minority	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(5,185)	-	-	-	(40)	(5,225)
	20,268	26,601	2,540	32,787	(11,617)	60,661	32,273	(1,013)	57	161	252	162,970
Net income	-	-	-	-	-	-	4,676	-	-	-	27	4,703
Other comprehensive income	-	-	-	-	-	-	-	-	24	-	-	24
Total comprehensive income	-	-	-	-	-	-	4,676	-	24	-	27	4,727
Balances at June 30, 2010	\$20,268	\$26,601	\$2,540	\$32,787	(\$11,617)	\$60,661	\$36,949	(\$1,013)	\$81	\$161	\$279	\$167,697

	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 Minority Interest	Total
Balances at January 1, 2009	\$20,253	\$26,601	\$2,182	\$30,214	(\$10,439)	\$60,661	\$31,092	(\$1,013)	\$24	\$56	\$416	\$160,047
Shares issued during the period	7	-	(7)	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	-	302	-	-	-	-	-	-	-	302
Collection on subscriptions	-	-	-	-	128	-	-	-	-	-	-	128
Accretion of subscription receivable	-	-	-	(369)	369	-	-	-	-	-	-	-
Dilution of minority	-	-	-	-	-	-	-	-	-	9	(9)	-
Dividends	-	-	-	-	-	-	(2,554)	-	-	-	-	(2,554)
	20,260	26,601	2,175	30,147	(9,942)	60,661	28,538	(1,013)	24	65	407	157,923
Net income	-	-	-	-	-	-	5,986	-	-	-	32	6,018
Other comprehensive income	-	-	-	-	-	-	-	-	5	-	-	5
Total comprehensive income	-	-	-	-	-	-	5,986	-	5	-	32	6,023
Balances at June 30, 2009	\$20,260	\$26,601	\$2,175	\$30,147	(\$9,942)	\$60,661	\$34,524	(\$1,013)	\$29	\$65	\$ 439	\$163,946

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In thousand dollars)

	Unaudited June 30, 2009	Unaudited June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$6,836	7,376
Adjustments for:		
Depreciation of property, plant and equipment (Note 7)	8,989	9,175
Amortization of intangible assets (Note 8)	1,401	1,347
Mark-to-market gain on derivative assets (Note 13)	(587)	—
Provision for restructuring	450	783
Provision for inventory obsolescence - net of reversal	(1,049)	259
Provision for doubtful accounts (Note 5)	322	38
Cost of share-based payments	288	302
Unrealized foreign exchange gain (loss)	150	172
Interest and bank charges	402	1,121
Interest income	(212)	(382)
Loss on sale of property, plant and equipment	37	6
Loss on retirement of property, plant and equipment	13	—
Gain on fire insurance claim	—	(6,951)
Provisions for warranty	—	12
Loss on fire	—	512
Operating income before working capital changes	17,040	13,770
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	7,036	6,994
Inventories	(5,461)	8,309
Other current assets	(1,782)	546
Noncurrent receivables	381	762
Net pension asset	—	(52)
Decrease in:		
Accounts payable and accrued expenses	(13,647)	(4,377)
Provisions	(494)	(6,671)
Net cash generated from operations	3,073	19,281
Interest received	212	382
Interest paid	(415)	(1,494)
Income tax paid	(2,610)	(944)
Net cash provided by operating activities	260	17,225
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	573	1,318
Acquisition of:		
Property, plant and equipment (Note 7)	(13,188)	(1,833)
Intangible assets (Note 8)	(403)	—
Increase in other noncurrent assets	1,951	375
Settlement of derivatives	530	—
Net cash used in investing activities	(10,537)	(140)
(Forward)		

	Unaudited June 30, 2009	June 30, 2009
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to Parent Company	(\$3,997)	(\$3,131)
Collections of subscriptions receivable	925	128
Dividends paid to Minority	(40)	—
Payments of:		
Obligation under finance lease	(103)	—
Loans payable	(1,088)	(1,774)
Long-term debt	(4,000)	(4,000)
Net cash used in financing activities	(8,303)	(8,777)
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	21	(40)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(18,559)	8,268
CASH AND CASH EQUIVALENTS AT JANUARY 1	53,932	57,605
CASH AND CASH EQUIVALENTS AT JUNE 30 (Note 4)	\$35,373	\$65,873

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.



IMI Grows by 11% in First Half of 2010

August 5, 2010, Laguna, Philippines – Integrated Micro-Electronics Inc. (IMI), a leading electronics manufacturing services (EMS) provider to the world's key original equipment manufacturers (OEMs) and a member of the Ayala group of companies, ended the first half of 2010 with a substantial revenue growth. It achieved revenues of US\$188.8 million in the first six months of the year, an 11 percent increase from the same period in 2009, as the electronics industry continues to rebound following the global financial crisis.

Arthur Tan, IMI president and chief executive officer, said, "Larger orders from our major customers in the storage device, telecommunication infrastructure, automotive, consumer, and industrial electronics markets have buoyed our revenues. These customers experienced a rise in the demand for their products."

He added, "Economic recovery, despite the slow and bumpy pace, has shored up the end-consumers' confidence. They have resumed spending on technology, as evidenced by the more than 40 percent year-on-year growth in worldwide sales of semiconductors. Chip sales have been bolstered by the strong demand for personal computers, cell phones, and other electronic devices."

IMI's net income after tax of US\$4.7 million for the first half of the year is lower than the 2009 amount of US\$6 million, which included a nonrecurring insurance gain.

Tan said, "We posted a positive bottom line despite challenges like the appreciation of the Philippine peso, which amplified manufacturing costs of our Philippine operations, and the rising costs of materials and labor, affecting our China factories. Notably, we remain financially robust, maintaining current and debt-to-equity ratios at favorable levels."

IMI's current ratio improved to 1.99:1 as of June 30, 2010, from 1.89:1 as of December 31, 2009. Its gross debt-to-equity ratio strengthened to 0.26:1 from 0.29:1.

The company's operations in China and Singapore posted US\$116.3 million in revenues in the first half of 2010, a 19 percent year-on-year growth. They accounted for 62 percent of IMI's total revenues. The Philippine operations recorded US\$72.4 million in revenues, a flat growth from the 2009 amount.

Sequentially, IMI's revenues in the second quarter of 2010 of US\$98.3 million grew 9 percent from the US\$90.5 million in the first quarter.

About IMI

Integrated Micro-Electronics Inc. (IMI) is a vertically integrated electronics manufacturing services (EMS) provider to leading global original equipment manufacturers (OEMs) in 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 EMS capabilities, broad geographic reach, and strong Asian 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.

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