Integrated Micro-Electronics, Inc.
North Science Avenue,
Special Export Processing Zone
Laguna Technopark
Biñan Laguna 4024 Philippines

Tel (63 2) 7756 6840
Fax (63 49) 544 0322
www.global-imi.com

February 19, 2020

Securities and Exchange Commission
Philippine International Convention Center
Vicente Sotto St., Pasay City 1700

Attention: Atty. Rachel Esther J. Gumpang-Remalante
OIC, Corporate Governance & 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 2019 Results Strained by the Continued Weak Market Environment

February 19, 2020, Laguna, Philippines — Integrated Micro-Electronics, Inc. (IMI) achieved US$1.3 billion of consolidated revenues in 2019, a seven percent decline versus 2018. The marked slowdown in global markets continues to hinder revenue growth across majority of IMI's operating units. Significant investments in capacity and technical capabilities for growth areas also increased company overhead expenditures partly impacting its gross profit margins.

Please refer to the attached press release. Thank you!

Very truly yours,

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

IMI 2019 Results Strained by the Continued Weak Market Environment

February 19, 2020, Laguna, Philippines — Integrated Micro-Electronics, Inc. (IMI) achieved US$1.3 billion of consolidated revenues in 2019, a seven percent decline versus 2018. The marked slowdown in global markets continues to hinder revenue growth across majority of IMI's operating units. Significant investments in capacity and technical capabilities for growth areas also increased company overhead expenditures partly impacting its gross profit margins.

The full year gross profit of $102.2 million with an 8.2% margin declined versus 2018 margin of 10%. A softer Q4 operating performance plus additional reserves including inventory and other provisions of $5.3 million and valuation reserve on deferred tax assets of about $2.8 million, resulted in a full year net loss of $7.8 million. New business wins remain healthy at $407 million annual revenue potential across all IMI EMS facilities.

IMI's wholly owned businesses made $1 billion of revenues, a three percent reduction from 2018. The company's Asian operating units dropped a total of 11 percent as China's domestic market, particularly in the automotive space, continues to underperform. IMI Europe, which is largely automotive based, achieved a three percent growth year-on-year through the company's newest production facility in Serbia despite the widespread industry slowdown and the Euro depreciation. Mexico, which serves the US market, continues to show a strong positive trajectory with a 50 percent revenue growth in 2019.

Via Optronics and STI, Ltd. posted combined revenues of $248 million, a decline of 21 percent from the previous year. The drop in VIA was mainly driven by the slump in the computing consumer segment and the delay in the release of the new generation Intel chip. Meanwhile, the Brexit uncertainty caused the delays in STI's program awards. STI, however, continues to have a strong pipeline wins amounting to $124 million in 2019.

"Despite the continuing decline of the market environment, we are resolute in setting the bar to key technological advancements and remain ahead of the curve. With our resilience, along with our technical expertise and commitment to quality manufacturing, I'm confident that we shall continue to win significant businesses in emerging technology platforms. As the adoption of these new products begins to accelerate, we will relentlessly take the necessary steps to achieve sustainable returns as we pull through this current market situation," asserted IMI's chief executive officer, Arthur Tan.

About IMI

Integrated Micro-Electronics Inc. (IMI), the manufacturing arm of AC Industrial Technology Holdings, Inc., a wholly-owned subsidiary of Ayala Corporation, is among the leading global manufacturing solutions expert in the world. IMI now ranks 17th in the list of top 50 EMS providers in the world by the Manufacturing Market Insider (March 2019 edition), based on 2018 revenues. In the automotive market, it is the 5th 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, industrial electronics and more recently, the aerospace market.

From its 21 manufacturing plants across ten different countries, IMI provides engineering, manufacturing, and support and fulfillment capabilities to diverse industries globally.

For more information, visit www.global-imi.com.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2019	2018 (As Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	**$152,660,116**	$108,534,341
Receivables	**290,643,361**	304,689,282
Contract assets	**58,908,123**	63,484,194
Inventories	**152,629,272**	192,660,836
Other current assets	**19,106,392**	20,824,207
Total Current Assets	**673,947,264**	690,192,860
Noncurrent Assets		
Property, plant and equipment	**194,294,448**	196,828,476
Goodwill	**140,781,251**	140,451,300
Intangible assets	**28,576,837**	29,821,342
Right-of-use assets	**32,027,604**	–
Financial assets at FVOCI	**1,199,763**	1,076,455
Deferred tax assets - net	**5,280,522**	3,156,216
Other noncurrent assets	**21,898,132**	15,670,594
Total Noncurrent Assets	**424,058,557**	387,004,383
	$1,098,005,821	$1,077,197,243
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**$267,467,702**	$291,174,720
Contract liabilities	**4,742,170**	1,831,060
Loans and trust receipts payable	**126,051,547**	136,338,960
Other financial liabilities	**22,370,085**	29,805,183
Current portion of long-term debt	**28,037,902**	63,431,844
Current portion of lease liabilities	**3,679,177**	–
Income tax payable	**1,441,505**	3,531,224
Total Current Liabilities	**453,790,088**	526,112,991
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt	**114,385,913**	124,543,174
Lease liabilities	**28,944,189**	66,942
Net retirement liabilities	**9,165,082**	4,232,934
Deferred tax liabilities - net	**3,539,838**	6,356,254
Other noncurrent liabilities	**4,401,914**	5,249,903
Total Noncurrent Liabilities	**160,436,936**	140,449,207
Total Liabilities	**614,227,024**	666,562,198

(Forward)

	December 31	
	2019	2018 (As Restated)
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	**$42,674,027**	$42,648,042
Subscribed capital stock	**752,560**	815,198
Additional paid-in capital	**146,208,099**	146,513,264
Subscriptions receivable	**(2,955,581)**	(3,402,940)
Retained earnings	**225,752,846**	237,970,201
Treasury stock	**(1,012,588)**	(1,012,588)
Other components of equity	**(735,811)**	(1,096,364)
Cumulative translation adjustment	**(17,682,926)**	(13,156,817)
Remeasurement losses on defined benefit plans	**(10,450,763)**	(6,235,794)
	382,549,863	403,042,202
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	**101,228,934**	7,592,843
Total Equity	**483,778,797**	410,635,045
	$1,098,005,821	$1,077,197,243

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2019	2018 (As Restated)	2017
REVENUE FROM CONTRACTS WITH CUSTOMERS	**$1,250,365,914**	$1,349,400,445	$1,090,588,189
COST OF SALES	**1,148,137,698**	1,214,979,839	960,989,543
GROSS PROFIT	**102,228,216**	134,420,606	129,598,646
OPERATING EXPENSES	**(106,222,063)**	(96,935,285)	(89,160,675)
OTHERS - Net			
Interest expense and bank charges	**(13,141,935)**	(11,992,384)	(6,900,807)
Foreign exchange gains (losses) - net	**(4,215,058)**	(3,845,781)	1,273,773
Interest income	**860,775**	998,995	166,246
Miscellaneous income - net	**9,285,288**	34,178,491	6,928,149
	(7,210,930)	19,339,321	1,467,361
INCOME (LOSS) BEFORE INCOME TAX	**(11,204,777)**	56,824,642	41,905,332
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	**4,427,585**	7,737,422	7,982,335
Deferred	**(2,437,150)**	304,920	(519,741)
	1,990,435	8,042,342	7,462,594
NET INCOME (LOSS)	**($13,195,212)**	$48,782,300	$34,442,738
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	**($7,780,648)**	$47,187,313	$34,001,982
Non-controlling interests	**(5,414,564)**	1,594,987	440,756
	($13,195,212)	$48,782,300	$34,442,738
Earnings (Loss) Per Share			
Basic and diluted	**($0.004)**	$0.021	$0.018

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2019	2018 (As Restated)	2017
NET INCOME (LOSS)	**($13,195,212)**	$48,782,300	$34,442,738
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified into profit or loss in subsequent periods:			
Exchange differences arising from translation of foreign operations	**(5,475,454)**	(12,021,978)	18,337,331
Fair value changes on available-for-sale financial assets – net of tax	**–**	–	85,926
	(5,475,454)	(12,021,978)	18,423,257
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:			
Remeasurement gains (losses) on defined benefit plans	**(4,214,969)**	1,201,302	(1,008,836)
Fair value changes on financial assets at FVOCI – net of tax	**360,553**	202,768	–
	(9,329,870)	(10,617,908)	17,414,421
TOTAL COMPREHENSIVE INCOME (LOSS)	**($22,525,082)**	$38,164,392	$51,857,159
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**($16,161,173)**	$37,972,252	$51,075,560
Non-controlling interests	**(6,363,909)**	192,140	781,599
	($22,525,082)	$38,164,392	$51,857,159

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 and 2017

							Other Comprehensive Income (Loss)				
.	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans	Attributable to Non-controlling Interests	Total
Balances at January 1, 2019	**$42,648,042**	**$815,198**	**$146,513,264**	**($3,402,940)**	**$236,289,815**	**($1,012,588)**	**($1,096,364)**	**($12,894,291)**	**($6,235,794)**	**$4,811,994**	**$406,436,336**
Effect of finalization of business combination	–	–	–	–	1,680,386	–	–	(262,526)	–	2,780,849	4,198,709
Balances at January 1, 2019, as restated	42,648,042	815,198	146,513,264	(3,402,940)	237,970,201	(1,012,588)	(1,096,364)	(13,156,817)	(6,235,794)	7,592,843	410,635,045
Issued shares during the year	25,985	(25,985)	–	–	–	–	–	–	–	100,000,000	100,000,000
Collections on subscriptions	–	–	–	105,541	–	–	–	–	–	–	105,541
Forfeitures during the year	–	(36,653)	(305,165)	341,818	–	–	–	–	–	–	–
Cash dividends	–	–	–	–	(4,436,707)	–	–	–	–	–	(4,436,707)
	42,674,027	752,560	146,208,099	(2,955,581)	233,533,494	(1,012,588)	(1,096,364)	(13,156,817)	(6,235,794)	107,592,843	506,303,879
Net loss	–	–	–	–	(7,780,648)	–	–	–	–	(5,414,564)	(13,195,212)
Other comprehensive income (loss)	–	–	–	–	–	–	360,553	(4,526,109)	(4,214,969)	(949,345)	(9,329,870)
Total comprehensive income (loss)	–	–	–	–	(7,780,648)	–	360,553	(4,526,109)	(4,214,969)	(6,363,909)	(22,525,082)
Balances at December 31, 2019	**$42,674,027**	**$752,560**	**$146,208,099**	**($2,955,581)**	**$225,752,846**	**($1,012,588)**	**($735,811)**	**($17,682,926)**	**($10,450,763)**	**$101,228,934**	**$483,778,797**

See accompanying Notes to Consolidated Financial Statements.

.	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Comprehensive Income (Loss): Other Components of Equity	Other Comprehensive Income (Loss): Cumulative Translation Adjustment	Other Comprehensive Income (Loss): Remeasurement losses on defined benefit	Attributable to Non-controlling Interests	Total
	Attributable to Equity Holders of the Parent Company										
Balances at January 1, 2018	$35,709,679	$1,058,278	$58,121,266	($5,351,844)	$194,499,540	($1,012,588)	$454,457	($2,537,686)	($7,437,096)	$3,090,593	$276,594,599
Cumulative catch-up adjustment due to adoption of PFRS 9 and 15	–	–	–	–	6,413,470	–	(1,753,589)	–	–	295,522	4,955,403
Balances at January 1, 2018, adjusted	35,709,679	1,058,278	58,121,266	(5,351,844)	200,913,010	(1,012,588)	(1,299,132)	(2,537,686)	(7,437,096)	3,386,115	281,550,002
Issued shares during the year	220,513	(220,513)	–	–	–	–	–	–	–	–	–
Issued shares from stock rights offer	6,717,850	–	89,213,052	–	–	–	–	–	–	–	95,930,902
Transaction costs on shares issuance	–	–	(660,853)	–	–	–	–	–	–	–	(660,853)
Cost of share-based payments	–	–	29,589	–	–	–	–	–	–	–	29,589
Collections on subscriptions	–			1,736,547	–	–	–	–	–	–	1,736,547
Forfeitures during the year	–	(22,567)	(189,790)	212,357	–	–	–	–	–	–	–
Increase in non-controlling interest due to acquisition of a subsidiary during the year	–	–	–	–	–	–	–	–	–	4,065,562	4,065,562
Effect of finalization of business combination	–	–	–	–	–	–	–	–	–	(50,974)	(50,974)
Cash dividends	–	–	–	–	(10,130,122)	–	–	–	–	–	(10,130,122)
	42,648,042	815,198	146,513,264	(3,402,940)	190,782,888	(1,012,588)	(1,299,132)	(2,537,686)	(7,437,096)	7,400,703	372,470,653
Net income	–	–	–	–	47,187,313	–	–	–	–	1,594,987	48,782,300
Other comprehensive income (loss)	–	–	–	–	–	–	202,768	(10,619,131)	1,201,302	(1,402,847)	(10,617,908)
Total comprehensive income (loss)	–	–	–	–	47,187,313	–	202,768	(10,619,131)	1,201,302	192,140	38,164,392
Balances at December 31, 2018, as restated	$42,648,042	$815,198	$146,513,264	($3,402,940)	$237,970,201	($1,012,588)	($1,096,364)	($13,156,817)	($6,235,794)	$7,592,843	$410,635,045

See accompanying Notes to Consolidated Financial Statements.

	Attributable to Equity Holders of the Parent Company										
							Other Comprehensive Income (Loss)				
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans	Attributable to Non-controlling Interests	Total
Balances at January 1, 2017	$34,935,709	$1,857,440	$70,927,567	($12,334,692)	$168,932,158	($1,012,586)	$368,531	($20,534,174)	($6,428,260)	$2,616,249	$239,327,942
Issued shares during the year	773,970	(773,970)	–	–	–	–	–	–	–	–	–
Cost of share-based payments	–	–	262,618	–	–	–	–	–	–	–	262,618
Reacquired shares	–	–	–	–	–	(2)	–	–	–	–	(2)
Collections on subscriptions	–	–	–	6,765,378	–	–	–	–	–	–	6,765,378
Forfeitures during the year	–	(25,192)	(192,278)	217,470	–	–	–	–	–	–	–
Effect of recognition of financial liability arising from put option on business combination	–	–	(12,876,641)	–	–	–	–	–	–	–	(12,876,641)
Decrease in non-controlling interest due to acquisition of a subsidiary during the year	–	–	–	–	–	–	–	–	–	(307,255)	(307,255)
Cash dividends	–	–	–	–	(8,434,600)	–	–	–	–	–	(8,434,600)
	35,709,679	1,058,278	58,121,266	(5,351,844)	160,497,558	(1,012,588)	368,531	(20,534,174)	(6,428,260)	2,308,994	224,737,440
Net income	–	–	–	–	34,001,982	–	–	–	–	440,756	34,442,738
Other comprehensive income (loss)	–	–	–	–	–	–	85,926	17,996,488	(1,008,836)	340,843	17,414,421
Total comprehensive income (loss)	–	–	–	–	34,001,982	–	85,926	17,996,488	(1,008,836)	781,599	51,857,159
Balances at December 31, 2017	$35,709,679	$1,058,278	$58,121,266	($5,351,844)	$194,499,540	($1,012,588)	$454,457	($2,537,686)	($7,437,096)	$3,090,593	$276,594,599

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2019	2018 (As restated)	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**($11,204,777)**	$56,824,642	$41,905,332
Adjustments for:			
Depreciation of property, plant and equipment	**35,308,020**	31,097,283	24,241,821
Interest expense	**10,611,195**	10,566,675	5,723,185
Amortization of right-of-use asset	**6,955,732**	–	–
Amortization of intangible assets	**6,464,921**	6,440,284	4,387,950
Unrealized foreign exchange losses - net	**1,106,924**	4,460,835	131,591
Reversal of contingent consideration	**(3,728,985)**	(21,304,030)	–
Mark-to-market loss (gain) on put options	**(3,445,288)**	5,372,114	(2,298,664)
Interest income	**(860,775)**	(998,995)	(166,246)
Gain on sale and retirement of property, plant and equipment	**(99,404)**	(189,298)	(48,116)
Net gain on disposal of a subsidiary	**–**	(19,062,344)	–
Impairment loss on goodwill	**–**	6,902,838	–
Gain from bargain purchase	**–**	(2,411,951)	–
Loss (gain) on derivative transactions	**–**	(152,368)	30,144
Cost of share-based payments	**–**	29,589	262,618
Reversal of impairment of property, plant and equipment	**–**	–	(815,150)
Impairment loss on product development cost	**–**	–	524,705
Operating income before working capital changes	**41,107,563**	77,575,274	73,879,170
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	**12,934,446**	(46,398,064)	(39,881,615)
Inventories	**38,584,835**	(36,441,769)	(75,590,879)
Contract assets	**4,576,071**	(16,364,351)	–
Other current assets	**1,574,997**	5,871,820	(9,499,047)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(23,859,932)**	30,969,749	46,497,566
Contract liabilities	**2,911,110**	(3,794,787)	–
Advances from customers	**–**	(1,843,501)	(640,640)
Retirement liabilities	**717,179**	549,433	97,419
Accrued rent	**–**	–	(3,555)
Net cash generated from (used in) operations	**78,546,269**	10,123,804	(5,141,581)
Income tax paid	**(6,517,304)**	(8,028,054)	(7,945,950)
Interest paid	**(10,264,649)**	(9,624,264)	(5,416,600)
Interest received	**860,775**	998,995	166,246
Net cash provided by (used in) operating activities	**62,625,091**	(6,529,519)	(18,337,885)

(Forward)

	Years Ended December 31		
	2019	2018 (As restated)	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment	**($37,398,057)**	($63,822,429)	($61,872,944)
Intangible asset	**(1,388,481)**	(1,139,531)	(3,381,178)
Acquisition through business combination, net of cash acquired	**–**	(1,558,227)	(25,705,865)
Increase (decrease) in advances from third party	**(11,540,911)**	(9,231,423)	14,233,872
Capitalized product development costs, excluding depreciation	**(2,520,867)**	(3,476,821)	(4,459,707)
Proceeds from sale and retirement of property, plant and equipment	**862,996**	3,136,331	1,940,767
Decrease (increase) in other noncurrent assets	**(6,227,538)**	(13,879,679)	864,080
Net cash used in investing activities	**(58,212,858)**	(89,971,779)	(78,380,975)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of preferred shares	**100,000,000**	–	–
Proceeds from stock rights offering	**–**	95,930,902	–
Availments of loans	**12,002,758**	66,879,877	131,077,301
Payments of:			
Loans payable	**(20,540,547)**	(35,152,844)	(20,419,648)
Long-term debt	**(46,510,457)**	(6,710,439)	(9,177,386)
Dividends paid to equity holders of the Parent Company	**(4,436,707)**	(10,130,122)	(8,434,600)
Collections of subscriptions receivable	**105,541**	1,736,547	6,765,378
Settlement of derivative	**142,819**	112,675	56,495
Increase (decrease) in noncurrent liabilities	**(847,989)**	1,949,887	123,259
Net cash provided by financing activities	**39,915,418**	114,616,483	99,990,799
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(201,876)**	(208,072)	806,554
NET INCREASE IN CASH AND CASH EQUIVALENTS	**44,125,775**	17,907,113	4,078,493
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**108,534,341**	90,627,228	86,548,735
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$152,660,116**	$108,534,341	$90,627,228

See accompanying Notes to Consolidated Financial Statements.