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

April 29, 2019

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 Revenues at US$323 Million in First Quarter of 2019

Integrated Micro-Electronics, Inc. (IMI) opened the year with first quarter consolidated revenues of US$323 million (₱16.61 billion), relatively flat compared to last year. Margins remain constrained by global market slowdown due to the fallout from the trade wars, political uncertainty in the UK and the ongoing electronic component shortage. Gross profit for Q1 is at US$29.1 million with margins declining to 9.0% from 10.6% last year. The company ended the quarter with US$335,000 net income (₱16.69 million) versus last year's net income of US$5.6M.

Please refer to the attached press release. Thank you!

Very truly yours,

JEROME S. TAN
Chief Finance Officer

IMI Revenues at US$323 Million in First Quarter of 2019

April 29, 2019, Laguna, Philippines — Integrated Micro-Electronics, Inc. (IMI) opened the year with first quarter consolidated revenues of US$323 million (₱16.61 billion), relatively flat compared to last year. Margins remain constrained by global market slowdown due to the fallout from the trade wars, political uncertainty in the UK and the ongoing electronic component shortage. Gross profit for Q1 is at US$29.1 million with margins declining to 9.0% from 10.6% last year. The company ended the quarter with US$335,000 net income (₱16.69 million) versus last year's net income of US$5.6M.

IMI continues to grow its target business segments — automotive, industrial, and aerospace which comprise 77% of total revenues for the quarter. Automotive at US$168 million, grew 27%. Industrial at US$68M, grew 10%. Aerospace, which IMI entered through the acquisition of STI, is now at US$13M, a growth of 6% from last year. However, consumer and telecom segment declined by 59 percent and 12 percent, respectively, due to delays in new project awards and China economic slowdown.

Gilles Bernard, IMI President and Chief Operating Officer, said "Despite the unfavorable business climate, IMI remains committed to our assurance of highest quality and on-time delivery for all our business partners." Aside from elevated raw materials costs, tight supplies of electronics components raised the need for expedited production cycles and expensive freight deliveries to maintain IMI's top-level standards. "As we continue to address the short-term challenges in our supply markets, we remain aggressive in executing our efficiency initiatives to align our cost structure with uncertain external environment and ensure the stability of all our businesses," Bernard added.

Arthur Tan, IMI Chief Executive Officer, stated "Long and healthy relationships with our key customers have enabled us to open discussions to mitigate financial headwinds on IMI as we weather the global component issue. Having positioned ourselves as a top provider of high complexity technology solutions, we are poised to rebound quickly on both revenue and profitability aspects as our investments in the past years come to full utilization." IMI has utilized US$180M for capital expenditures in the past three years, a significant portion of which was spent to support development of high-tech businesses and the opening of new operating sites that expanded its manufacturing footprint to Serbia and Japan.

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 10 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

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2019

(With Comparative Audited Figures as of December 31, 2018)
(In thousands)

	(Unaudited) Mar 31, 2019	(As Restated) Dec 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	**$139,187**	$108,534
Receivables - net	**303,428**	311,904
Contract assets	**67,412**	63,484
Inventories	**182,573**	192,663
Other current assets	**23,091**	20,824
Total Current Assets	**715,691**	697,409
Noncurrent Assets		
Property, plant and equipment - net	**195,529**	196,828
Goodwill	**141,097**	140,399
Intangible assets - net	**28,854**	29,821
Right-of-use assets	**21,467**	–
Financial assets at FVOCI	**1,150**	1,076
Deferred tax assets	**1,254**	3,156
Other noncurrent assets	**5,175**	8,456
Total Noncurrent Assets	**394,526**	379,736
	$1,110,217	$1,077,145
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**$252,254**	$291,175
Contract liabilities	**–**	1,831
Loans and trust receipts payable	**123,408**	136,339
Other financial liabilities	**30,047**	29,805
Current portion of long-term debt	**61,370**	63,432
Income tax payable	**1,833**	3,531
Total Current Liabilities	**468,912**	526,113
Noncurrent Liabilities		
Noncurrent portion of long-term debt	**140,983**	124,543
Net retirement liabilities	**4,154**	4,233
Deferred tax liabilities	**6,528**	6,356
Lease liabilities	**21,552**	67
Other noncurrent liabilities	**3,268**	5,250
Total Noncurrent Liabilities	**176,485**	140,449
Total Liabilities	**645,397**	666,562

(Forward)

	(Unaudited) Mar 31, 2019	(As Restated) Dec 31, 2018
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	**$42,654**	$42,648
Deposit for future subscription	**60,000**	–
Subscribed capital stock	**787**	815
Additional paid-in capital	**146,352**	146,513
Subscriptions receivable	**(3,233)**	(3,403)
Unappropriated retained earnings	**238,305**	237,970
Treasury stock	**(1,013)**	(1,013)
Other components of equity	**(1,046)**	(1,096)
Cumulative translation adjustment	**(18,716)**	(13,208)
Remeasurement losses on defined benefit plans	**(6,236)**	(6,236)
	457,854	402,990
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	**6,966**	7,593
Total Equity	**464,820**	410,583
	$1,110,217	$1,077,145

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(In thousands, except Earnings per Share)

	Unaudited 2019 Jan to Mar	Unaudited 2018 Jan to Mar
REVENUES FROM CONTRACTS WITH CUSTOMERS	**$323,049**	$325,790
COST OF SALES	**293,914**	290,595
GROSS PROFIT	**29,135**	35,195
OPERATING EXPENSES	**(25,461)**	(26,209)
OTHERS - Net		
Interest and bank charges	**(3,272)**	(3,305)
Foreign exchange gains (losses)	**(740)**	2,427
Interest income	**92**	83
Miscellaneous income (expense) - net	**1,525**	(116)
INCOME BEFORE INCOME TAX	**1,279**	8,075
PROVISION FOR INCOME TAX	**(1,571)**	(2,257)
NET INCOME (LOSS)	**($292)**	$5,818
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	**$335**	$5,557
Non-controlling interests	**(627)**	261
	($292)	$5,818
Earnings Per Share:		
Basic and diluted	**$0.0002**	$0.003

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(In thousands)

	Unaudited 2019 Jan to Mar	Unaudited 2018 Jan to Mar
NET INCOME FOR THE PERIOD	**($292)**	$5,818
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	**(5,507)**	4,565
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:		
Fair value changes on financial assets at FVOCI – net of tax	**50**	111
	(5,457)	4,676
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**($5,749)**	$10,494
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	**($5,122)**	$10,233
Non-controlling interests	**(627)**	261
	($5,749)	$10,494

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2019, AND 2018

(In thousands)

	Attributable to Equity Holders of the Parent Company											
								Other Comprehensive Income (Loss)				
.	Capital Stock - Common	Deposit for Future subscription	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	$–	$815	$146,513	($3,403)	$236,290	($1,013)	($1,096)	($12,894)	($6,236)	$4,812	$406,436
Effect of finalization of business combination	–	–	–	–	–	1,680	–	–	(314)	–	2,781	4,147
Balances at January 1, 2019, as restated	42,648	–	815	146,513	(3,403)	237,970	(1,013)	(1,096)	(13,208)	(6,236)	7,593	410,583
Issued shares during the period	6	–	(6)	–	–	–	–	–	–	–	–	–
Deposit for future subscription	–	60,000	–	–	–	–	–	–	–	–	–	60,000
Refund on subscriptions	–	–	–	–	(13)	–	–	–	–	–	–	(13)
Forfeitures during the period	–	–	(22)	(161)	183	–	–	–	–	–	–	–
	42,654	60,000	787	146,352	(3,233)	237,970	(1,013)	(1,096)	(13,208)	(6,236)	7,593	470,570
Net income	–	–	–	–	–	335	–	–	–	–	(627)	(292)
Other comprehensive income (loss)	–	–	–	–	–	–	–	50	(5,508)	–	–	(5,458)
Total comprehensive income (loss)	–	–	–	–	–	335	–	50	(5,508)	–	(627)	(5,750)
Balances at March 31, 2019	**$42,654**	**$60,000**	**$787**	**$146,352**	**($3,233)**	**$238,305**	**($1,013)**	**($1,046)**	**($18,716)**	**($6,236)**	**$6,966**	**$464,820**

	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, 2018	$35,710	$1,058	$58,121	($5,352)	$194,500	($1,013)	$454	($2,302)	($7,437)	$3,091	$276,594
Cumulative catch-up adjustment due to adoption of PFRS 9 and 15	–	–	–	–	4,896	–	–	–	–	296	5,192
Balances at January 1, 2018, adjusted	35,710	1,058	58,121	(5,352)	200,913	(1,013)	454	(2,302)	(7,437)	3,151	281,786
Issued shares during the period	172	(172)	–	–	–	–	–	–	–	–	–
Issued shares from stock rights offer	6,718	–	89,213	–	–	–	–	–	–	–	95,931
Cost of share-based payments	–	–	10	–	–	–	–	–	–	–	10
Collections on subscriptions	–			935	–	–	–	–	–	–	935
Forfeitures during the period	–	(13)	(134)	147	–	–	–	–	–	–	–
Cash dividends	–	–	–	–	(10,131)	–	–	–	–	–	(10,132)
	42,600	873	147,210	(4,270)	189,265	(1,013)	454	(2,302)	(7,437)	3,871	$368,530
Net income	–	–	–	–	5,557	–	–	–	–	261	5,818
Other comprehensive income	–	–	–	–	–	–	111	4,565	–	–	4,676
Total comprehensive income	–	–	–	–	5,557	–	111	4,565	–	261	10,494
Balances at March 31, 2018	**$42,600**	**$873**	**$147,210**	**($4,270)**	**$194,822**	**($1,013)**	**$565**	**$2,263**	**($7,437)**	**$3,412**	**$379,025**

	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, 2018	**$35,710**	**$1,058**	**$58,121**	**($5,352)**	**$194,500**	**($1,013)**	**$454**	**($2,538)**	**($7,437)**	**$3,091**	**$276,594**
Cumulative catch-up adjustment due to adoption of PFRS 9 and 15	**–**	**–**	**–**	**–**	**6,413**	**–**	**(1,753)**	**–**	**–**	**295**	**4,955**
Balances at January 1, 2018, adjusted	**35,710**	**1,058**	**58,121**	**(5,352)**	**200,913**	**(1,013)**	**(1,299)**	**(2,538)**	**(7,437)**	**3,386**	**281,549**
Issued shares during the year	**220**	**(220)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issued shares from stock rights offer	**6,718**	**–**	**89,213**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**95,931**
Transaction costs on shares issuance	**–**	**–**	**(661)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(661)**
Cost of share-based payments	**–**	**–**	**29**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**29**
Collections on subscriptions	**–**			**1,737**	**–**	**–**	**–**	**–**	**–**	**–**	**1,737**
Forfeitures during the year	**–**	**(23)**	**(189)**	**212**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Increase in non-controlling interest due to acquisition of a subsidiary during the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**536**	**536**
Effect of finalization of business combination	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(51)**	**(51)**
Cash dividends	**–**	**–**	**–**	**–**	**(10,130)**	**–**	**–**	**–**	**–**	**–**	**(10,130)**
	42,648	**815**	**146,513**	**(3,403)**	**190,783**	**(1,013)**	**(1,299)**	**(2,538)**	**(7,437)**	**3,871**	**368,940**
Net income	**–**	**–**	**–**	**–**	**45,507**	**–**	**–**	**–**	**–**	**2,344**	**47,851**
Other comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**203**	**(10,356)**	**1,201**	**(1,403)**	**(10,355)**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**45,507**	**–**	**203**	**(10,356)**	**1,201**	**941**	**37,496**
Balances at December 31, 2018	**$42,648**	**$815**	**$146,513**	**($3,403)**	**$236,290**	**($1,013)**	**($1,096)**	**($12,894)**	**($6,236)**	**$4,812**	**$406,436**

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(In thousands)

	Unaudited 2019 Jan to Mar	Unaudited 2018 Jan to Mar
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**$1,279**	$8,075
Adjustments for:		
Depreciation of property, plant and equipment	**9,100**	7,704
Interest expense	**2,994**	3,178
Amortization of intangible assets	**1,615**	1,187
Unrealized foreign exchange losses (gains)	**745**	(1,108)
Mark-to-market loss on derivatives	**157**	801
Interest income	**(92)**	(83)
Gains on sale of property, plant and equipment	**(46)**	(13)
Cost of share-based payments	**–**	10
Operating income before working capital changes	**15,752**	19,751
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	**8,836**	(3,426)
Contract asset	**(3,928)**	(5,901)
Inventories	**9,540**	(14,732)
Other current assets	**(2,410)**	(8,424)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(31,420)**	1,744
Retirement liabilities	**(79)**	353
Advances from customers	**–**	(641)
Accrued rent	**–**	(4)
Net cash used in operations	**(3,709)**	(11,280)
Income tax paid	**(3,101)**	(1,875)
Interest paid	**(3,754)**	(2,763)
Interest received	**92**	83
Net cash used in operating activities	**(10,472)**	(15,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment	**(10,037)**	(14,662)
Intangible assets	**(107)**	(280)
Capitalized development costs	**(737)**	(2,079)
Proceeds from sale of property, plant and equipment	**111**	43
Advances from third party	**(11,541)**	–
Decrease in other noncurrent assets	**3,281**	104
Net cash used in investing activities	**(19,030)**	(16,874)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from preferred shares subscription	**60,000**	–
Availment of loans	**2,666**	17,984
Payment of loans	**(569)**	(2,252)
Collections of subscriptions receivable	**(13)**	936
Settlement of derivatives	**143**	(30)
Dividends paid to equity holders of the Parent Company	**–**	(10,131)
Proceeds from stock rights offering	**–**	95,931
Decrease in other noncurrent liabilities	**(1,897)**	(182)
Net cash provided by financing activities	**60,330**	102,256
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	**(175)**	(48)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**30,653**	69,499
CASH AND CASH EQUIVALENTS AT JANUARY 1	**108,534**	90,627
CASH AND CASH EQUIVALENTS AT MARCH 31	**$139,187**	$160,126