



Integrated Micro-Electronics, Inc.

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May 4, 2017

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

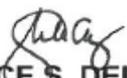
Attention: Mr. Jose Valeriano B. Zuño III
OIC – Head, Disclosure Department

Subject: **IMI's Income Up 33% in Q1 2017**

Integrated Micro-Electronics, Inc. (IMI), one of the leading global manufacturing solutions experts, today announced that its first quarter 2017 net income was \$8.7 million (₱434.1 million), up 33 percent year-on-year buoyed up by strong revenue growth and better gross profit margins from 10.5 percent to 12.2 percent. Reported revenues of \$235.9 million (₱11.8 billion), grew significantly by 18 percent compared from last year.

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

Very truly yours,


LAURICE S. DELA CRUZ
Global Financial Planning and Reporting Head/
Compliance Manager



PRESS RELEASE

IMI's Income Up 33% in Q1 2017

May 4, 2017, Laguna, Philippines — Integrated Micro-Electronics, Inc. (IMI), one of the leading global manufacturing solutions experts, today announced that its first quarter 2017 net income was \$8.7 million (₱434.1 million), up 33 percent year-on-year buoyed up by strong revenue growth and better gross profit margins from 10.5 percent to 12.2 percent. Reported revenues of \$235.9 million (₱11.8 billion), grew significantly by 18 percent compared from last year. The strong net income performance was mainly led by the company's continuous focus on its core markets -- automotive and industrial.

Arthur Tan, IMI chief executive officer, says, "Our net income for the quarter increased year-on-year as we continue to explore the limits of our customer base for emerging trends, as well as unfulfilled needs and opportunities."

Combined IMI Europe's operations generated \$66.5 million revenues in the first quarter, a 17.8 percent improvement year-on-year mainly from automotive lighting applications.

The company's Mexico site generated \$19.2 million revenues, higher by 13.3 percent due to increasing demand for its key industrial and automotive businesses.

The EMS operations in the Philippines posted \$57.1 million in revenues, an increase of 11.1 percent from that of the same period of last year due to bolstering automotive camera sales, while the company's semiconductor assembly and test subsidiary delivered \$8.8M, a growth of 13.7 percent from last year.

IMI China's \$60.6 million revenues saw a 9 percent reduction year over year as a result of a drop in demand for the telecom infrastructure business.

Newly-acquired Via Optronics GmbH (VIA) showed strong continued revenue growth of \$23.9 million.

"IMI delivered solid first quarter results due to growing industry trends and expanding portfolio, riding high on the strong performance of our high-margin businesses with higher revenues from our focus markets, said IMI president, Gilles Bernard. "Our recent acquisitions, as well as our continued efforts to build and enhance quality in our operations and the establishment of a more solid corporate culture are testaments to such strong results." Bernard added.

IMI chief finance officer Jerome Tan said, "We continue to invest in capital expenditures required to support new projects in our pipeline. This growth was evidenced by 56 percent increase in our capital spending year-on-year."

The company's balance sheet as of the end of March 2017 remains stable with current ratio and debt-to-equity ratio of 1.44:1 and 0.80:1, respectively.

IMI recently announced the start of operation of its motorcycle manufacture and assembly, a joint venture between Ayala and KTM AG, an Austrian motorcycle company.

About IMI

Integrated Micro-Electronics Inc. (IMI), a subsidiary of AC Industrial Technology Holdings, Inc., is among the leading global manufacturing service providers in the world. IMI ranks 20th in the list of top 30 EMS providers in the world by the Manufacturing Market Insider, determined based on 2016 revenues. In the automotive segment, it is the sixth 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, Germany, 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.

For more information you may email Sherwin Nones at ir@global-imi.com

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2017

(With Comparative Audited Figures as of December 31, 2016)

(In thousand dollars)

	(Unaudited) Mar 31, 2017	(Audited) Dec 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$109,480	\$86,549
Receivables - net	210,140	198,203
Inventories	124,006	106,132
Other current assets	16,744	16,091
Total Current Assets	460,370	406,975
Noncurrent Assets		
Property, plant and equipment - net	124,671	117,405
Goodwill	96,045	96,045
Intangible assets	12,416	10,469
Available-for-sale financial assets	713	741
Deferred tax assets	1,176	1,552
Other noncurrent assets	2,719	2,722
Total Noncurrent Assets	237,740	228,934
	\$698,110	\$635,909
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$219,171	\$195,676
Loans and trust receipts payable	82,675	51,445
Financial liabilities on put options	11,603	11,334
Current portion of long-term debt	3,012	8,185
Income tax payable	4,006	3,451
Total Current Liabilities	320,467	270,091
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt	121,030	121,144
Advances from customers	1,138	1,138
Net retirement liabilities	3,851	4,092
Deferred tax liabilities	1,198	1,276
Accrued rent	99	85
Other noncurrent liabilities	106	216
Total Noncurrent Liabilities	127,422	127,951
Total Liabilities	447,889	398,042

(Forward)

	(Unaudited) Mar 31, 2017	(Audited) Dec 31, 2016
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	\$34,942	\$34,936
Subscribed capital stock	1,849	1,857
Additional paid-in capital	71,000	70,928
Subscriptions receivable	(12,307)	(12,335)
Retained earnings unappropriated	177,628	168,932
Treasury stock	(1,013)	(1,013)
Reserve for fluctuation on available-for-sale financial assets	354	369
Cumulative translation adjustment	(17,256)	(20,640)
Other comprehensive loss	(6,428)	(6,428)
Other reserves	—	—
	248,769	236,606
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries		
	1,452	1,261
Total Equity	250,221	237,867
	\$698,110	\$635,909

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousand dollars, except Earnings per Share)

	Unaudited 2017 Jan to Mar	Unaudited 2016 Jan to Mar
REVENUES FROM SALES AND SERVICES	\$235,897	\$199,103
COST OF GOODS SOLD AND SERVICES	207,046	178,269
GROSS PROFIT	28,851	20,834
OPERATING EXPENSES	(18,219)	(11,653)
OTHERS - Net		
Interest and bank charges	(1,203)	(753)
Foreign exchange gains (losses)	629	(551)
Interest income	73	84
Miscellaneous income (expense) - net	808	(149)
INCOME BEFORE INCOME TAX	10,939	7,813
PROVISION FOR INCOME TAX	(2,052)	(1,272)
NET INCOME	\$8,887	\$6,541
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	\$8,696	\$6,545
Non-controlling interests	191	(4)
	\$8,887	\$6,541
Earnings Per Share:		
Basic and diluted	\$0.005	\$0.004

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousand dollars)

	Unaudited 2017	Unaudited 2016
	Jan to Mar	Jan to Mar
NET INCOME FOR THE PERIOD	\$8,887	\$6,541
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	3,384	2,662
Fair value changes on available-for-sale financial assets	(15)	7
	3,369	2,669
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:		
Remeasurement gains on defined benefit plans	–	58
	3,369	2,727
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$12,256	\$9,268
Total Comprehensive Income (Loss)		
Attributable to:		
Equity holders of the Parent Company	\$12,065	\$9,272
Non-controlling interests	191	(4)
	\$12,256	\$9,268

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016, AND FOR THE YEAR ENDED DECEMBER 31, 2016

(in thousand dollars)

Attributable to Equity Holders of the Parent Company

	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	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, 2017	\$34,936	\$1,857	\$70,928	(\$12,335)	\$168,932	(\$1,013)	\$369	(\$20,640)	(\$6,428)	\$-	\$1,261	\$237,867
Issued shares during the year	6	(6)	-	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	79	-	-	-	-	-	-	-	-	79
Collections on subscriptions	-	-	-	19	-	-	-	-	-	-	-	19
Forfeitures during the year	-	(2)	(6)	8	-	-	-	-	-	-	-	-
	34,942	1,849	71,000	(12,307)	168,932	(1,013)	369	(20,640)	(6,428)	-	1,261	237,965
Net income (loss)	-	-	-	-	8,696	-	-	-	-	-	191	8,887
Fair Value on AFS	-	-	-	-	-	-	(15)	-	-	-	-	(15)
Other comprehensive income (loss)	-	-	-	-	-	-	-	3,384	-	-	-	3,384
Total comprehensive income (loss)	-	-	-	-	8,696	-	(15)	3,384	-	-	191	12,256
Balances at March 31, 2017	\$34,942	\$1,849	\$71,000	(\$12,307)	\$177,628	(\$1,013)	\$354	(\$17,256)	(\$6,428)	\$-	\$1,452	\$250,221

Attributable to Equity Holders of the Parent Company

	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	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, 2016	\$34,934	\$1,908	\$82,528	(\$13,132)	\$149,437	(\$1,013)	\$251	(\$16,545)	(\$6,296)	\$171	\$195	\$232,438
Issued shares during the year	0	-	-	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	210	-	-	-	-	-	-	-	-	210
Collections on subscriptions	-	-	-	524	-	-	-	-	-	-	-	524
Forfeitures during the year	-	(20)	(99)	119	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(8,637)	-	-	-	-	-	-	(8,637)
	34,934	1,888	82,639	(12,489)	140,800	(1,013)	251	(16,545)	(6,296)	-	195	224,535
Net income (loss)	-	-	-	-	6,545	-	-	-	-	-	(4)	6,541
Other comprehensive income (loss)	-	-	-	-	-	-	7	2,662	58	-	-	2,727
Total comprehensive income (loss)	-	-	-	-	6,545	-	7	2,662	58	-	(4)	9,268
Balances at March 31, 2016	\$34,934	\$1,888	\$82,639	(\$12,489)	\$147,345	(\$1,013)	\$258	(\$13,883)	(\$6,238)	\$171	\$191	\$233,803

Attributable to Equity Holders of the Parent Company

	Capital Stock - Common (Note 18)	Subscribed Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Subscriptions Receivable (Note 18)	Retained Earnings Unappropriated (Note 18)	Treasury Stock	Reserve for Fluctuation on Available- for-Sale Financial Assets	Cumulative Translation Adjustment	Other Comprehensive Loss (Note 25)	Other Reserves	Attributable to Non-controlling Interests	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
Issued shares during the year	2	(2)	-	-	-	-	-	-	-	-	-	-
Cost of share-based payments (Note 26)	-	-	744	-	-	-	-	-	-	-	-	744
Collections on subscriptions	-	-	-	462	-	-	-	-	-	-	-	462
Forfeitures during the year	-	(48)	(286)	335	-	-	-	-	-	-	-	-
Effect of recognition of financial liability arising from put options on business combination (Note 2)	-	-	(12,058)	-	-	-	-	-	-	-	-	(12,058)
Increase in non-controlling interest due to the acquisition of a subsidiary during the year (Note 2)	-	-	-	-	-	-	-	-	-	-	1,356	1,356
Acquisition of non-controlling interests (Note 2)	-	-	-	-	-	-	-	-	-	(171)	(190)	(360)
Cash dividends	-	-	-	-	(8,621)	-	-	-	-	-	-	(8,621)
	34,936	1,857	70,928	(12,335)	140,816	(1,013)	251	(16,545)	(6,296)	-	1,361	213,961
Net income (loss)	-	-	-	-	28,116	-	-	-	-	-	(100)	28,016
Other comprehensive income (loss)	-	-	-	-	-	-	118	(4,095)	(132)	-	-	(4,110)
Total comprehensive income (loss)	-	-	-	-	28,116	-	118	(4,095)	(132)	-	(100)	23,906
Balances at December 31, 2016	\$34,936	\$1,857	\$70,928	(\$12,335)	\$168,932	(\$1,013)	\$369	(\$20,640)	(\$6,428)	\$-	\$1,261	\$237,867

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousand dollars)

	Unaudited Mar 31, 2017	Mar 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$10,939	\$7,813
Adjustments for:		
Depreciation of property, plant and equipment	5,904	6,400
Interest expense	1,203	736
Amortization of intangible assets	354	616
Unrealized foreign exchange gains - net	(32)	(323)
Cost of share-based payments	79	210
Interest income	(74)	(84)
Mark-to-market on derivatives and put options	15	-
Gains on sale of property, plant and equipment	(222)	(3)
Operating income before working capital changes	18,166	15,365
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	(9,260)	(17,411)
Inventories	(17,564)	(9,843)
Other current assets	(656)	(2,030)
Increase (decrease) in:		
Accounts payable and accrued expenses	22,953	21,437
Retirement liabilities and other long-term benefits	(350)	219
Advances from customers	112	(54)
Accrued rent	14	(341)
Net cash generated from operations	13,415	7,342
Interest received	73	75
Interest paid	(1,265)	(703)
Income tax paid	(1,186)	(1,148)
Net cash provided by operating activities	11,037	5,566
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment	(12,276)	(8,558)
Intangible assets	(1,173)	(73)
Proceeds from sale of property, plant and equipment	282	299
Capitalized development costs	(1,099)	-
Decrease (increase) in other noncurrent assets	3	(496)
Net cash used in investing activities	(14,263)	(8,828)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	40,610	-
Payment of loans	(14,780)	(97)
Dividends paid to equity holders of the Parent Company	-	(8,637)
Collections of subscriptions receivable	19	524
Net cash provided by (used in) financing activities	25,849	(8,210)
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	308	260
NET DECREASE IN CASH AND CASH EQUIVALENTS	22,931	(11,212)
CASH AND CASH EQUIVALENTS AT JANUARY 1	86,549	101,532
CASH AND CASH EQUIVALENTS AT MARCH 31	\$109,480	\$90,320