COVER SHEET

94419

INTEGRATED MICRO-ELECTRONICS, INC.

(Company's Full Name)

NORTH SCIENCE AVE., LAGUNA TECHNOPARK, BINAN, LAGUNA

(Business Address: No. Street City / Town / Province)

ATTY. SHEILA MARIE U. TAN
Contact Person

908-3468
Company Telephone Number

12 **31**
Month *Day*
Fiscal Year

SEC FORM 17-Q
FORM TYPE

Month *Day*
Annual Meeting

Secondary License Type, if Applicable

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. Of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SEC Number: 94419
File Number: ________

INTEGRATED MICRO-ELECTRONICS, INC.

(Company's Full Name)

33/F Tower One, Ayala Triangle, Ayala Avenue, Makati City

(Company Address)

(632) 756-6840

(Telephone Number)

September 30, 2013

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2013**

2. Commission Identification No.: **94419**

3. BIR Tax Identification No.: **000-409-747-000**

4. Exact name of issuer as specified in its charter: **INTEGRATED MICRO-ELECTRONICS, INC.**

5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office: **33/F Tower One, Ayala Triangle, Ayala Avenue, Makati City**
Postal Code: **1226**

8. Issuer's telephone number, including area code: **(632) 756-6840**

9. Former name, former address and former fiscal year: **Not applicable**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares Issued and Outstanding
Common *	1,634,078,088

* Net of 15,892,109 treasury shares;

11. Are any or all of the securities listed on a Stock Exchange? Yes [**x**] No [ ]

1,350,636,697 common shares are listed with the Philippine Stock Exchange, including 15,892,109 treasury shares as of September 30, 2013.

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports): Yes [**x**] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days: Yes [**x**] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2013

(With Comparative Audited Figures as of December 31, 2012)
(In thousand dollars)

	(Unaudited) Sep 30, 2013	(Audited, as restated) Dec 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**$56,315**	$56,196
Loans and receivables - net (Note 5)	**163,122**	150,881
Inventories (Note 6)	**90,966**	83,176
Derivative assets (Notes 12 and 16)	**65**	2,857
Other current assets	**19,729**	7,426
Total Current Assets	**330,197**	300,536
Noncurrent Assets		
Property, plant and equipment - net (Note 7)	**84,198**	88,071
Goodwill (Note 8)	**54,355**	54,355
Intangible assets (Note 9)	**5,074**	5,894
Available-for-sale financial assets	**1,845**	1,609
Deferred income tax assets	**771**	1,083
Other noncurrent assets	**2,078**	1,805
Total Noncurrent Assets	**148,321**	152,817
	$478,518	$453,353
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 10)	**$166,196**	$143,405
Trust receipts and loans payable (Note 11)	**47,616**	44,207
Current portion of long-term debt (Note 12)	**2,701**	2,650
Income tax payable	**1,908**	1,911
Total Current Liabilities	**218,421**	192,173
Noncurrent Liabilities		
Long-term debt (Note 12)	**60,591**	62,851
Deferred income tax liabilities	**3,165**	4,628
Pension liabilities	**2,430**	2,343
Obligation under finance lease	**1,824**	705
Deferred revenue	**1,816**	2,031
Accrued rent	**552**	585
Other long-term employee benefits	**82**	87
Total Noncurrent Liabilities	**70,460**	73,230
Total Liabilities	**288,881**	265,403

(Forward)

	(Unaudited)	(Audited, as restated)
	Sep 30, 2013	Dec 31, 2012
EQUITY		
Equity attributable to equity holders of the Parent Company		
Capital stock - common	**$30,016**	$30,011
Capital stock - preferred	**26,601**	26,601
Subscribed capital stock	**1,296**	1,301
Additional paid-in capital (Note 13)	**51,188**	58,558
Subscriptions receivable	**(9,489)**	(9,651)
Retained earnings:		
Appropriated for expansion	**20,661**	20,661
Unappropriated	**79,160**	73,902
Treasury stock	**(1,012)**	(1,012)
Reserve for fluctuation on available-for-sale financial assets	**118**	198
Cumulative translation adjustments	**(1,921)**	(2,304)
Other reserves	**(4,401)**	(4,447)
	192,217	193,818
Equity attributable to non-controlling interests in consolidated subsidiaries	**(2,580)**	(5,868)
Total Equity	**189,637**	187,950
	$478,518	$453,353

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(In thousand dollars, except Earnings per Share)

	Unaudited 2013		Unaudited 2012	
	Jul to Sep	**Jan to Sep**	**Jul to Sep**	**Jan to Sep**
REVENUES FROM SALES AND SERVICES	**$196,635**	**$547,104**	$170,022	$495,673
COST OF GOODS SOLD AND SERVICES	**178,353**	**503,679**	156,834	457,140
GROSS PROFIT	**18,282**	**43,425**	13,188	38,533
OPERATING EXPENSES	**(13,145)**	**(36,805)**	(11,131)	(33,264)
OTHERS - Net				
Interest and bank charges	**(577)**	**(2,088)**	(710)	(2,441)
Interest income	**42**	**158**	243	498
Foreign exchange gains (losses)	**(352)**	**711**	260	(11)
Miscellaneous	**(56)**	**1,281**	16	644
INCOME BEFORE INCOME TAX	**4,194**	**6,682**	1,866	3,959
PROVISION FOR INCOME TAX	**(1,195)**	**(2,631)**	(893)	(2,580)
NET INCOME	**$2,999**	**$4,051**	$973	$1,379
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**$3,177**	**$5,258**	$1,845	$4,953
Non-controlling interests	**(178)**	**(1,207)**	(872)	(3,574)
	$2,999	**$4,051**	$973	$1,379
Earnings Per Share:				
Basic and Diluted (Note 14)		**$0.002**		$0.002

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 NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(In thousand dollars)

	Unaudited 2013		**Unaudited 2012**	
	Jul to Sep	**Jan to Sep**	**Jul to Sep**	**Jan to Sep**
NET INCOME	**$2,999**	**$4,051**	$973	$1,379
OTHER COMPREHENSIVE INCOME (LOSS):				
Exchange differences arising from translation of foreign operations	**1,080**	**383**	863	2,913
Fair value changes on available-for-sale financial assets	**(40)**	**(80)**	43	37
Other Comprehensive Income	**1,040**	**303**	906	2,950
TOTAL COMPREHENSIVE INCOME	**$4,039**	**$4,354**	$1,879	$4,329
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company	**$4,217**	**$5,561**	$2,751	$7,903
Non-controlling interests	**(178)**	**(1,207)**	(872)	(3,574)
	$4,039	**$4,354**	$1,879	$4,329

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 NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (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	Cumulative Translation Adjustments	Other Reserves	Attributable to Non-controlling Interest	Total
Balances at January 1, 2013	**$30,011**	**$26,601**	**$1,301**	**$58,558**	**($9,651)**	**$20,661**	**$72,448**	**($1,012)**	**$198**	**($2,304)**	**$171**	**($5,868)**	**$191,114**
Effect of revised PAS 19 (Note 3)	-	-	-	-	-	-	**1,454**	-	-	-	**(4,618)**	-	**(3,164)**
Balances at January 1, 2013, as restated	**30,011**	**26,601**	**1,301**	**58,558**	**(9,651)**	**20,661**	**73,902**	**(1,012)**	**198**	**(2,304)**	**(4,447)**	**(5,868)**	**187,950**
Shares issued during the year	**5**	-	**(5)**	-	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	-	**31**	-	-	-	-	-	-	-	-	**31**
Collections on subscriptions	-	-	-	-	**283**	-	-	-	-	-	-	-	**283**
Accretion of subscriptions	-	-	-	**121**	**(121)**	-	-	-	-	-	-	-	-
Dilution of minority (Note 13)	-	-	-	**(7,522)**	-	-	-	-	-	-	**46**	**4,495**	**(2,981)**
	30,016	**26,601**	**1,296**	**51,188**	**(9,489)**	**20,661**	**73,902**	**(1,012)**	**198**	**(2,304)**	**($4,401)**	**(1,373)**	**185,283**
Net income (loss)	-	-	-	-	-	-	**5,258**	-	-	-	-	**(1,207)**	**4,051**
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	**(80)**	**383**	-	-	**303**
Total comprehensive income (loss)	-	-	-	-	-	-	**5,258**	-	**(80)**	**383**	-	**(1,207)**	**4,354**
Balances at September 30, 2013	**$30,016**	**$26,601**	**$1,296**	**$51,188**	**($9,489)**	**$20,661**	**$79,160**	**($1,012)**	**$118**	**($1,921)**	**($4,401)**	**($2,580)**	**$189,637**

	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	Cumulative Translation Adjustments	Other Reserves	Attributable to Non-controlling Interest	Total
Balances at January 1, 2012	$24,932	$26,601	$6,507	$59,085	($10,395)	$30,661	$59,671	($1,012)	$144	($6,043)	$171	($1,200)	$189,122
Effect of revised PAS 19 (Note 3)	-	-	-	-	-	-	94	-	-	-	(1,154)	-	(1,060)
Balances at January 1, 2012, as restated	24,932	26,601	6,507	59,085	(10,395)	30,661	59,765	(1,012)	144	(6,043)	(983)	(1,200)	188,062
Shares issued during the year	10	-	(10)	-	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	-	191	-	-	-	-	-	-	-	-	191
Net reversal of accretion	-	-	-	(2,708)	2,708	-	-	-	-	-	-	-	-
Net refund on subscriptions	-	-	-	-	(48)	-	-	-	-	-	-	-	(48)
Other reserves	-	-	-	-	-	-	-	-	-	-	82	-	82
	24,942	26,601	6,497	56,568	(7,735)	30,661	59,765	(1,012)	144	(6,043)	(901)	(1,200)	188,287
Net income (loss)	-	-	-	-	-	-	4,953	-	-	-	-	(3,574)	1,379
Other comprehensive income	-	-	-	-	-	-	-	-	37	2,913	-	-	2,950
Total comprehensive income (loss)	-	-	-	-	-	-	4,953	-	37	2,913	-	(3,574)	4,329
Balances at September 30, 2012	$24,942	$26,601	$6,497	$56,568	($7,735)	$30,661	$64,718	($1,012)	$181	($3,130)	($901)	($4,774)	$192,616

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(In thousand dollars)

	Unaudited	
	Sep 30, 2013	Sep 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	**$6,682**	$3,959
Adjustments for:		
Depreciation of property, plant and equipment (Note 7)	**15,952**	17,783
Interest expense	**2,088**	2,441
Provision for inventory obsolescence (Note 6)	**1,477**	322
Amortization of intangible assets (Note 9)	**1,343**	1,628
Provision for doubtful accounts (Note 5)	**508**	361
Cost of share-based payments	**31**	191
Provision for restructuring	**–**	1,662
Losses (gains) on derivatives	**(65)**	29
Interest income	**(158)**	(498)
Gain on sale of property, plant and equipment (Note 7)	**(219)**	(331)
Unrealized foreign exchange losses (gains)	**(1,255)**	1,395
Operating income before working capital changes	**26,384**	28,942
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	**(12,037)**	(26,895)
Inventories	**(9,113)**	(5,644)
Other current assets	**(12,303)**	763
Noncurrent receivables	**–**	119
Increase (decrease) in:		
Accounts payable and accrued expenses	**25,991**	7,095
Provisions	**–**	(1,342)
Pension liabilities	**765**	(146)
Deferred revenue	**(215)**	(204)
Accrued rent-noncurrent	**(33)**	(32)
Net cash generated from operations	**19,439**	2,656
Interest received	**158**	444
Interest paid	**(2,778)**	(1,953)
Income tax paid	**(3,751)**	(3,443)
Net cash provided by (used) in operating activities	**13,068**	(2,296)

(Forward)

	Unaudited	
	Sep 30, 2013	Sep 30, 2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	**$1,683**	$3,725
Acquisition of:		
Property, plant and equipment (Note 7)	**(13,255)**	(13,511)
Intangible assets (Note 9)	**(523)**	(378)
Available-for-sale	**(350)**	–
Cash paid upon exercise of call option (Note 13)	**(124)**	–
Decrease (increase) in other noncurrent assets	**543**	(193)
Net cash used in investing activities	**(12,026)**	(10,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	**5,100**	35,332
Payment of loans	**(4,679)**	(28,849)
Collections (refund) of subscriptions receivable	**283**	(48)
Dividends paid to Parent Company	**(2,026)**	(1,869)
Increase in obligation under finance lease	**1,119**	174
Contribution to retirement fund	**(683)**	–
Net cash provided by (used in) financing activities	**(886)**	4,740
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	**(37)**	34
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**119**	(7,879)
CASH AND CASH EQUIVALENTS AT JANUARY 1	**56,196**	54,069
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30	**$56,315**	$46,190

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTEGRATED MICROELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Financial Statement Preparation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the Philippine Accounting Standard (PAS) 34 (Amended), *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2012 annual audited consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2012.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited interim condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited interim condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited interim condensed consolidated financial statements include the accounts of Integrated Micro-Electronics, Inc. (herein referred to as the "Parent Company") and its subsidiaries collectively referred to as the "Group".

The unaudited interim condensed consolidated financial statements are presented in US dollar ($), and all values are rounded to the nearest thousands except when otherwise indicated.

The accompanying unaudited interim condensed consolidated financial statements were approved and authorized for release by the Audit Committee on October 22, 2013.

2. Basis of Consolidation

The accompanying unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

	Percentage of Ownership		Country of	Functional
	2013	2012	Incorporation	Currency
IMI USA	**100.00%**	100.00%	USA	USD
IMI Japan	**100.00%**	100.00%	Japan	USD
IMI Singapore	**100.00%**	100.00%	Singapore	USD
IMI International Regional Operating Headquarter ("IMI ROHQ")	**100.00%**	100.00%	Philippines	USD

(Forward)

	Percentage of Ownership		Country of	Functional
	2013	2012	Incorporation	Currency
STEL and Subsidiaries				
Speedy-Tech Electronics (HK) Limited (“STHK”)	**100.00%**	100.00%	Hong Kong	USD
Speedy-Tech (Philippines), Inc. (“STPHIL”)*	**–**	100.00%		
Shenzhen Speedy-Tech Electronics Co., Ltd. (“SZSTE”)	**99.48%**	99.48%	China	USD
Speedy-Tech Electronics, Inc.	**100.00%**	100.00%	USA	USD
Speedy-Tech Electronics (Jiaxing) Co., Ltd. (“STJX”)	**100.00%**	100.00%	China	USD
Speedy-Tech Electronics (Chong Qing) Co. Ltd. (“STCQ”)	**100.00%**	100.00%	China	USD
IMI (Chengdu) Ltd. (“IMICD”)	**100.00%**	100.00%	China	USD
Monarch	**100.00%**	100.00%	Hong Kong	USD
Cooperatief	**100.00%**	100.00%	Netherlands	Euro
EPIQ EA	**100.00%**	100.00%	Bulgaria	Bulgarian Lev
Microenergia OOD	**70.00%**	70.00%	Bulgaria	Bulgarian Lev
EPIQ CZ	**100.00%**	100.00%	Czech Republic	Czech Koruna
EPIQ MX	**100.00%**	100.00%	Mexico	Mexican Peso
EPIQ Manufactura S.A.P.I de C.V.	**100.00%**	100.00%	Mexico	Mexican Peso
IMI France	**100.00%**	100.00%	France	Euro
PSi	**83.25%**	55.78%	Philippines	USD
PSiTech Realty **	**33.30%**	22.31%	Philippines	USD
Pacsem Realty**	**53.28%**	35.70%	Philippines	USD

** The operations of STPHIL was integrated to the Parent Company in 2013*
*** The percentage pertains to ownership of the Parent Company*

Pursuant to the second amendment to the Agreement dated September 26, 2012 executed among the Old and New Investors of PSi on the exercise of option rights, the exercise notice which is one of the conditions for the completion of the sale and purchase of the option shares was received by the parties on January 9, 2013. The sale and purchase transaction involving the option shares shall be deemed completed upon compliance of the rest of the conditions set forth in the Agreement. On March 12, 2013, the Deeds of Assignment have been executed and the endorsed stock certificates have been delivered. The exercise of the option rights will increase the Parent Company’s ownership interest in PSi from 55.78% to 83.25% (Note 13).

A subsidiary is consolidated from the date on which control is transferred to the Group and ceases to be consolidated from the date on which control is transferred out of the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in consolidation.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from the equity holders of the Parent Company.

Losses within a subsidiary are attributed to the noncontrolling interest even if such results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2012 except for the adoption of the following new and amended standards and interpretations as of January 1, 2013. Except as otherwise indicated, the adoption of the new and amended Standards and Interpretations did not have a significant impact on the Group's unaudited interim condensed consolidated financial statements.

- PAS 1 (Amendment), *Financial Statement Presentation – Presentation of Items of Other Comprehensive Income* (effective for annual periods beginning on or after July 1, 2012)
  The amendments to PAS 1 change the grouping of items presented in other comprehensive income. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be reclassified.

- PAS 19 (Amendment), *Employee Benefits* (effective for annual periods beginning on or after January 1, 2013)
  Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The amended standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. Once the amended standard is effective, the Group has to apply the amendments retroactively to the earliest period presented.

  The Group reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Group obtained the services of an actuary to compute the impact to the consolidated financial statements upon adoption of the standard.

The effects are detailed below:

Increase (decrease) in:	As at December 31, 2012	As at January 1, 2012
Consolidated balance sheet		
Net defined benefit asset	($1,941,695)	($2,806,876)
Net defined benefit liability	1,222,559	794,014
Other comprehensive income	(4,618,237)	(1,153,589)
Retained earnings	1,453,983	94,236

	2012
Consolidated statement of comprehensive income	
Net benefit cost	($417,836)
Income tax expense	(13,311)
Profit for the year	431,147
Attributable to the owners of the Parent Company	197,137
Attributable to non-controlling interests	234,010
Other comprehensive income	(4,618,237)
Tax effect on other comprehensive income	(515,895)

The Group's unaudited interim condensed consolidated financial statements have been restated to reflect the impact of this amendment to the Standard.

- PAS 27 (as revised in 2011), *Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2013)
  As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities (JCEs), and associates in the separate financial statements.

- PAS 28 (as revised in 2011), *Investments in Associates and Joint Ventures* (effective for annual periods beginning on or after January 1, 2013)
  As a consequence of issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28, *Investments in Associates*, has been renamed PAS 28, *Investment in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

- PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2013)
  These amendments require the Group to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on the Group's financial position. The new disclosures are required for all recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The disclosures also apply to recognize financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information.

This is presented separately for financial assets and financial liabilities recognized at balance sheet date:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the consolidated statement of financial position;
c) The net amounts presented in the consolidated statement of financial position;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
    i. Amounts related to recognized consolidated financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
    ii. Amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

- PFRS 10, *Consolidated Financial Statements* (effective for annual periods beginning on or after January 1, 2013)
  PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also addresses the issues raised in Standing Interpretations Committee (SIC)-12, *Consolidation – Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The Group does not expect the adoption of this Standard to have an impact on the consolidated financial statements and have assessed that no facts and circumstances would suggest change to any criteria of control since majority of the subsidiaries are wholly-owned by the Parent Company.

- PFRS 11, *Joint Arrangements* (effective for annual periods beginning on or after January 1, 2013)
  This standard replaces PAS 31, *Interest on Joint Ventures*, and SIC-13, *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. The standard removes the option to account for JCEs using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after January 1, 2013)
  This standard includes all of the disclosures that were previously in PAS 27 related to the consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to the Group's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PFRS 13, *Fair Value Measurement* (effective for annual periods beginning on or after January 1, 2013)
  This standard establishes a single source of guidance under PFRS for all fair value measurements. The standard does not change when the Group is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The Group is yet to implement this Standard by January 1, 2013 and would want to consider the key implications of PFRS 13 in its overall assessment.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* (effective for annual periods beginning on or after January 1, 2013)
  This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity.

Future Changes in Accounting Policies
The Group will adopt the standards, interpretations and amendments enumerated below when these become effective. Except as otherwise stated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on the Group's unaudited interim condensed consolidated financial statements.

Effective in 2014

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2014)
  These amendments clarify the meaning of "currently has a legally enforceable right to set-off." The amendments also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

Effective in 2015

- PFRS 9, *Financial Instruments* (effective for annual periods beginning on or after January 1, 2015)
  PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss (FVPL). All equity financial assets are measured at fair value either through other comprehensive income or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The Group will quantify the effect in conjunction with other phases, when the final standard, including all phases, is issued. The Group's assessment of the impact of PFRS 9 is still in progress and no early adoption will be made as of the date of this report as there are still major changes that are expected to be made in the existing draft of the Standard that could impact the Group's decision to early adopt or not.

- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate* (effective for annual periods beginning on or after January 1, 2015)

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of change in value.

Financial Instruments - Initial Recognition and Subsequent Measurement

Classification of financial instruments

Financial instruments within the scope of PAS 39 are classified as: (1) financial assets and financial liabilities at FVPL; (2) loans and receivables; (3) held-to-maturity (HTM) investments; (4) AFS financial assets; and (5) other financial liabilities. The classification depends on the purpose for which the instruments were acquired and whether they are quoted in an active market. The Group determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every balance sheet date.

The financial instruments of the Group as of September 30, 2013 and December 31, 2012 consist of loans and receivables, financial asset at FVPL, AFS financial assets, financial liability at FVPL and other financial liabilities.

Date of recognition of financial instruments

Financial instruments are recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, are done using trade date accounting. The Group follows the trade date accounting where an asset to be received and liability to be paid are recognized on the trade date and the derecognition of an asset that is sold and the recognition of a receivable from the buyer are likewise recognized on the trade date.

Determination of fair value

The fair value of financial instruments that are traded in active markets at each balance sheet date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value, as long as there has not been a significant change in economic circumstances since the time of the transaction.

For financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Such techniques may include:

- Using recent arm’s length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; and
- A discounted cash flow analysis or other valuation models.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of comprehensive income under "Interest income" or "Interest expense and bank charges," unless it qualifies for recognition as some other type of asset or liability.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

Financial assets or financial liabilities at FVPL
Financial assets or financial liabilities at FVPL include derivatives, financial instruments held for trading and financial instruments designated upon initial recognition as at FVPL.

Financial instruments are classified as held for trading if they are entered into for the purpose of short-term profit-taking.

Derivatives, including separated embedded derivatives, are accounted for as financial assets or financial liabilities at FVPL, unless they are designated as effective hedging instruments or a financial guarantee contract. Where a contract contains one or more embedded derivatives, the hybrid contract may be designated as financial asset or liability at FVPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial instruments may be designated at initial recognition as financial assets or financial liabilities at FVPL if any of the following criteria are met: (1) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the instrument or recognizing gains or losses on a different basis; or (2) the financial instrument is part of a group of financial instruments which is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (3) the financial instrument contains an embedded derivative that would need to be separately recorded.

Financial assets and financial liabilities at FVPL are subsequently measured at fair value. Changes in fair value of such assets or liabilities are accounted for in profit or loss.

The Group uses currency forwards to hedge its risks associated with foreign currency fluctuations. Such are accounted for as nonhedge derivatives.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (1) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract; (2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (3) the hybrid or combined instrument is not recognized at FVPL. The Group assesses whether an embedded derivative is required to be separated from the host contract when the Group first becomes party to the contract. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies the contractual cash flows.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at FVPL.

Loans and receivables are recognized initially at fair value, plus transaction costs.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less any allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees and costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within twelve (12) months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

This accounting policy relates primarily to the Group's cash and cash equivalents, loans and receivables, noncurrent receivables and miscellaneous deposits.

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified or designated as at FVPL, loans and receivables or HTM investments. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

AFS financial assets are recognized initially at fair value, plus transaction costs.

After initial measurement, AFS financial assets are subsequently measured at fair value. Dividends earned on holding AFS financial assets are recognized in the consolidated statement of comprehensive income as dividend income when the right to receive payment has been established. The unrealized gains and losses arising from the fair valuation of AFS financial assets are recognized in other comprehensive income under "Fair value changes on available-for-sale financial assets." The losses arising from impairment of such investments are recognized as impairment losses in profit or loss. When the security is disposed of, the cumulative gains or losses previously recognized in other comprehensive income are recognized as realized gains or losses in profit or loss.

When the fair value of AFS equity instruments cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any allowance for impairment losses.

This accounting policy pertains to the Group's investments in club shares.

Other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

Other financial liabilities are initially recognized at the fair value of the consideration received, less directly attributable transaction costs.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Other financial liabilities are included in current liabilities if maturity is within twelve (12) months from the balance sheet date. Otherwise, these are classified as noncurrent liabilities.

This accounting policy relates primarily to the Group's accounts payable and accrued expenses (excluding customers' deposits, statutory payables and taxes payable), trust receipts and loans payable, and long-term debt.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of Financial Instruments

Financial asset

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Group assesses, at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of

financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Loans and receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as payment history and past due status.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

AFS financial assets
For AFS financial investments, the Group assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investments below its cost. "Significant" is evaluated against the original cost of the investments and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that investments previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using the moving average method for raw materials and supplies. For finished goods and work-in-process, cost includes direct materials, direct labor and a proportion of manufacturing overhead costs based on normal operating capacity determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. In the event that NRV is lower than cost, the decline shall be recognized as an expense in the consolidated statement of comprehensive income.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. The initial cost of property, plant and equipment consists of its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. Upon retirement or sale, the cost of the asset disposed and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in profit or loss.

Construction in progress is stated at cost, less impairment loss, if any. This includes costs of construction and installation of plant and equipment and machinery items and any other cost directly attributable to bringing the asset to its intended use. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Depreciation of property, plant and equipment commences once the property, plant and equipment are available for use and is calculated on a straight-line basis over the estimated useful lives (EUL) of the assets as follows:

	Years
Buildings	25 - 30
Building improvements	5
Machinery and facilities equipment	7 - 10
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5
Tools and instruments	2 - 5

Leasehold improvements are amortized over the shorter of the related lease terms or their EUL of five (5) years.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss when the asset is derecognized.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer use and no further depreciation is charged to profit or loss.

The EUL of property, plant and equipment are reviewed annually based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property, plant and equipment. Adjustments to the EUL are accounted for prospectively.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Investments in Subsidiaries
Investments in subsidiaries in the Parent Company's separate financial statements are accounted for under cost method of accounting. Dividends received are reported as dividend income when the right to receive the payment is established.

Business Combination and Goodwill or Gain on Bargain Purchase
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in consolidated statement of comprehensive income under "Operating expenses."

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is

classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- Represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Not be larger than an operating segment determined in accordance with PFRS 8.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. When the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. When goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of comprehensive income any excess remaining after reassessment.

PFRS 3, *Business Combinations*, provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve (12) months of the acquisition date; and from the acquisition date (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting had been completed from the acquisition date.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as of the date of acquisition.

Following initial recognition, intangible assets are carried at cost, less accumulated amortization and any accumulated impairment losses.

The EUL of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortized over their EUL and assessed for impairment whenever there is an indication that the intangible asset is impaired. The amortization period and method for intangible assets with finite useful lives are reviewed at least at the end of each balance sheet date. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in profit or loss.

The EUL of intangible assets are as follows:

	Years
Customer relationships	5
Unpatented technology	5
Computer software	3

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of Nonfinancial Assets

The Group assesses, at each balance sheet date, whether there is an indication that an asset is impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally covered a period of five (5) years.

For assets excluding goodwill, an assessment is made at each balance sheet date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss, unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation expense is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining EUL.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount is impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Equity

Capital stock

Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at premium, the difference between the proceeds at par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against "Retained earnings" account. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Additional paid-in-capital
Additional paid-in capital pertains to the difference of the par value and selling price of issued and outstanding shares of stock.

Subscriptions receivable
Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings and dividend on capital stock of the Parent Company
Retained earnings represent net accumulated earnings of the Group, less dividends declared. Appropriated retained earnings are set aside for future expansion. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the shareholders of the Parent Company and its subsidiaries.

Treasury stock
Treasury stock is recorded at cost and is presented as a deduction from equity. When the shares are retired, the "Capital stock" account is reduced by its par value and the excess of cost over par value upon retirement is debited to "Additional paid-in capital" account to the extent of the specific or average additional paid-in capital when the shares were issued and to "Retained earnings" account for the remaining balance.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The Group is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods
Revenue from sale of goods is recognized when goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customers, title and risk of ownership have passed, the price to the buyer is fixed or determinable and recoverability is reasonably assured.

Rendering of services
Revenue from sale of services is recognized when the related services to complete the required units have been rendered.

Interest
Interest income is recognized as it accrues using the EIR method.

Dividends
Dividend income is recognized when the right to receive the payment is established.

Miscellaneous income
Miscellaneous income is recognized as the Group earns the right over it.

Expenses
Expenses of the Group include cost of sales and operating expenses.

Cost of sales
This includes cost of goods sold and cost of services. These expenses pertain to the direct expenses incurred by the Group related to the products and services offered. Cost of sales is recognized when the related goods are sold and when services are rendered.

Operating expenses
This pertains to the general and administrative expenses. Operating expenses are recognized when incurred, except for rent expense, which is computed on a straight line-basis over the lease term.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the balance sheet date.

Deferred tax
Deferred tax is provided, using the liability method, on all temporary differences as of the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

For periods where an ITH is in effect, no deferred taxes are recognized in the consolidated financial statements as the ITH status of the Group neither results in a deductible temporary difference or taxable temporary difference. However, for temporary differences that are expected to reverse beyond the ITH, deferred taxes are recognized.

Foreign Currency Transactions

The functional and presentation currency of the Parent Company and its subsidiaries (except for EPIQ EA, EPIQ CZ, EPIQ MX, IMI France, and Cooperatief) is the U.S. Dollar. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The functional currencies of EPIQ EA, EPIQ CZ, and EPIQ MX, are the Bulgarian Lev (BGN), Czech Koruna (CZK) and Mexican Peso (MXN), respectively. The functional currency of IMI France and Cooperatief is the Euro (€). These subsidiaries mostly use their local currencies for their daily transactions. As at the balance sheet date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their profit and loss accounts are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in the consolidated statement of comprehensive income and reported as a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in the consolidated statement of comprehensive income relating to that particular foreign operation shall be recognized in profit or loss.

Exchange differences arising from elimination of intragroup balances and intragroup transactions are recognized in profit or loss. As an exception, if the exchange differences arise from intragroup balances that, in substance, forms part of an entity's net investment in a foreign operation, the exchange differences are not to be recognized in profit or loss, but are recognized in other comprehensive income and accumulated in a separate component of equity until the disposal of the foreign operation.

Pensions and Other Employee Benefits

Defined contribution plans

The Parent Company's subsidiaries in Singapore, PRC and Hong Kong, EPIQ CZ, and EPIQ MX participate in their respective national pension schemes which are considered as defined contribution plans. A defined contribution plan is a pension plan under which the subsidiary pays fixed contributions. The subsidiary has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to employee service in the current and prior periods. The required contributions to the national pension schemes are recognized as pension expense as accrued.

Singapore

The subsidiaries incorporated and operating in Singapore make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognized as an expense in the period in which the related service is performed.

PRC

The subsidiaries incorporated and operating in PRC are required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a

pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees.

Hong Kong
The subsidiary in Hong Kong participates in the defined Provident Fund. The subsidiary and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The contributions of the subsidiary and the employees are subject to a cap of HK$1,000 per month and thereafter, contributions are voluntary.

EPIQ CZ
EPIQ CZ, under its Collective Agreement, is committed to pay contributions to life and pension insurance of its loyal employees. This is done on a monthly basis as part of payroll expenses and only over the employment period. EPIQ CZ is not obliged to any other payments if employment terminates.

EPIQ MX
In accordance with Mexican Labor Law, EPIQ MX provides seniority premium benefits to its employees under certain circumstances. These benefits consist of a one-time payment equivalent to twelve (12) days of wage for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with fifteen (15) or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit. The Company estimates that the differences that might be determined if this liability had been estimated by an independent actuary are immaterial.

EPIQ MX also provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Such benefits consist of a one-time payment of three (3) months wages plus twenty (20) days wages for each year of service payable upon involuntary termination without just cause. These are recognized when such an event occurs.

Defined benefit plans
The Parent Company, PSi and EPIQ EA maintain separate defined benefit plans covering substantially all of their employees. The plans of the Parent Company and PSi are funded, noncontributory pension plans administered by their respective Boards of Trustees, while that of EPIQ EA is unfunded and noncontributory. Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with the option to accelerate when significant changes to underlying assumptions occur. Pension expense includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses, past service cost and the effect of any curtailment or settlement.

A portion of the actuarial gains and losses is recognized as income or expense if the cumulative unrecognized actuarial gains and losses at the end of the previous balance sheet date exceeded the greater of 10% of the present value of the defined benefit obligation or 10% of the fair value of the plan assets. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Past service costs, if any, are recognized immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a

straight-line basis over the vesting period. The net pension asset recognized in respect of the defined benefit pension plan is the lower of: (a) the fair value of the plan assets, less the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods; or (b) the total of any cumulative unrecognized net actuarial loss and past service cost and the present value of any economic benefit available in the form of refunds from the plan or reductions in future contributions to the plan. If there is no minimum funding requirement, the Group shall determine the economic benefit available as a reduction in future contributions as the lower of: (a) the surplus in the plan; and (b) the present value of the future service cost to the Group, excluding any part of the future cost that will be borne by employees, for each year over the shorter of the expected life of the plan and the expected life of the Group.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related pension liability or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share-based Payment Transactions
Certain employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (“equity-settled transactions”).

The Group has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Parent Company’s shares at a discounted price. The Group recognizes the difference between the market price at the time of subscription and the subscription price as employee benefit expense over the holding period.

Earnings per Share (EPS) Attributable to Equity Holders of the Parent Company
Basic EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares outstanding and adjusted to give retroactive effect to any stock dividends declared during the period. Diluted EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares outstanding plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted earnings per share does not assume conversion, exercise or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Operating lease commitment - Group as lessor
A lease in which the Group does not transfer substantially all the risks and benefits of ownership of an asset is classified as an operating lease. Lease income is recognized in the consolidated statement of comprehensive income under "Miscellaneous income" on a straight-line basis over the lease term.

Operating and finance lease commitments - Group as lessee
Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and included in the "Property, plant and equipment" account with the corresponding liability to the lessor included in the "Accounts payable and accrued expenses" account for the current portion and "Noncurrent portion of obligation under finance lease" account for the noncurrent portion in the consolidated balance sheet. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized under "Interest expense" in the consolidated statement of comprehensive income.

Capitalized leased assets are depreciated over the shorter of the EUL of the assets and the respective lease terms.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the respective lease terms.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Events after the Balance Sheet Date
Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the consolidated financial statements when material.

4. **Cash and Cash Equivalents**

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	(In thousands)	
Cash on hand	**$91**	$127
Cash in bank	**49,278**	48,304
Short-term deposits	**6,946**	7,765
	$56,315	$56,196

Cash in banks earns interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three (3) months and earn interest at the respective short-term deposit rates.

5. **Loans and Receivables**

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	(In thousands)	
Trade	**$161,713**	$147,455
Nontrade	**1,926**	2,360
Receivable from insurance	**1,179**	1,179
Receivables from employees	**528**	539
Due from related parties (Note 16)	**545**	426
Others	**1,351**	2,702
	167,242	154,661
Less allowance for doubtful accounts	**4,120**	3,780
	$163,122	$150,881

Trade
Trade receivables arise from manufacturing and other related services for electronic products and components and have credit terms ranging from 30 to 60 days from invoice date.

Nontrade
Nontrade receivables represent billings to customers for production and test equipment and all other charges agreed with the customers in carrying out business operations. These receivables have credit terms ranging from 30 to 60 days from invoice date.

Receivable from insurance
Insurance claims for damages to equipment and inventories caused by a fire incident in the Parent Company's plant in Cebu, Philippines in May 2009 amounted to $1.18 million as of September 30, 2013 and December 31, 2012, respectively.

Allowance for Doubtful Accounts
Trade receivables, nontrade receivables, and receivable from insurance with aggregate nominal value of $4.12 million and $3.78 million were individually assessed to be impaired and fully provided with allowance for doubtful accounts as of September 30, 2013 and December 31, 2012, respectively. Provision for doubtful accounts recognized for the nine-month period September 30, 2013 and 2012 amounted to $0.51 million and $0.36 million, respectively.

6. Inventories

Provision for inventory obsolescence recognized for the nine-month period ended September 30, 2013 and 2012 amounted to $1.5 million and $0.32 million, respectively.

7. Property, Plant and Equipment

September 30, 2013 (Unaudited)

In thousands	Buildings and Improvements	Machinery and Facilities Equipment	Furniture, Fixtures and Office Equipment	Transportation	Tools and Instruments	Construction in Progress	Total
Cost							
At January 1, 2013	$72,229	$128,050	$16,109	$1,217	$3,751	$1,214	$222,570
Additions	1,934	3,756	762	118	202	6,483	13,255
Disposals	(2,097)	(12,116)	(433)	(376)	(64)	(443)	(15,529)
Reclassifications	–	2,244	28	52	–	(2,324)	–
Foreign currency exchange difference	(306)	478	78	12	–	71	333
At September 30, 2013	71,760	122,412	16,544	1,023	3,889	5,001	220,629
Accumulated depreciation and amortization							
At January 1, 2013	36,499	80,145	13,081	425	2,622	–	132,772
Depreciation and amortization	2,641	11,544	1,088	236	443	–	15,952
Disposals	(1,973)	(11,328)	(476)	(296)	8	–	(14,065)
Foreign currency exchange difference	11	13	13	8	–	–	45
At September 30, 2013	37,178	80,374	13,706	373	3,073	–	134,704
Accumulated impairment loss	737	978	12	–	–	–	1,727
Net book value as of September 30, 2013	$33,845	$41,060	$2,826	$650	$816	$5,001	$84,198

December 31, 2012

In thousands	Buildings and Improvements	Machinery and Facilities Equipment	Furniture, Fixtures and Office Equipment	Transportation	Tools and Instruments	Construction in Progress	Total
Cost							
At January 1, 2012	$70,939	$128,579	$14,339	$1,284	$2,943	$1,814	$219,898
Additions	1,839	10,836	813	454	868	2,000	16,810
Disposals	(6)	(11,870)	(90)	(426)	(1)	–	(12,393)
Transfers	82	2,283	185	–	–	(2,550)	–
Retirement	(205)	(909)	–	(51)	(59)	–	(1,224)
Foreign currency exchange difference	(420)	(869)	862	(44)	–	(50)	(521)
At December 31, 2012	72,229	128,050	16,109	1,217	3,751	1,214	222,570
Accumulated depreciation and amortization							
At January 1, 2012	34,269	73,322	10,747	429	2,122	–	120,889
Depreciation	3,250	17,399	1,741	428	500	–	23,318
Disposals	(7)	(8,873)	(151)	(352)	–	–	(9,383)
Retirement	(206)	(418)	–	(31)	–	–	(655)
Foreign currency exchange difference	(890)	(1500)	744	(49)	–	–	(1,695)
Write-off	83	215	–	–	–	–	298
At December 31, 2012	36,499	80,145	13,081	425	2,622	–	132,772
Accumulated impairment loss	737	978	12	–	–	–	1,727
Net book value as of December 31, 2012	$34,993	$49,927	$3,015	$791	$1,129	$1,214	$88,071

Depreciation and amortization expense included in cost of goods sold and services for the nine months ended September 30, 2013 and 2012 amounted to $14.19 million and $13.57 million, respectively. Depreciation and amortization expense included in operating expenses for the nine months ended September 30, 2013 and 2012 amounted to $1.76 million and $4.21 million, respectively.

Gains from disposal of certain assets included under "Miscellaneous income" in the unaudited interim consolidated statements of comprehensive income for the nine months period ended September 30, 2013 and 2012 amounted to $0.22 million and $0.33 million, respectively.

8. Goodwill

The Group performed impairment assessment on the goodwill allocated to PSi amounting to $7.5 million. The Group used value in use as the recoverable amount of the CGU using cash flow projections approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14.1%. Cash flows beyond the five-year period are extrapolated using a conservative steady growth rate of 1%, which does not exceed the compounded annual growth rate for the global EMS industry. No impairment loss was assessed for PSi as of September 30, 2013.

9. Intangible Assets

During the nine months ended September 30, 2013 and 2012, the Parent Company acquired additional computer software amounting to $0.52 million and $0.38 million, respectively.

Amortization of intangible assets for the nine months ended September 30, 2013 and 2012 amounted to $1.3 million and $1.6 million, respectively.

10. Accounts Payable and Accrued Expenses

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	(In thousands)	
Trade payables	**$116,900**	$101,773
Accrued expenses	**33,583**	21,108
Accrued payroll	**8,225**	8,827
Nontrade payables	**1,183**	1,791
Taxes payable	**894**	704
Obligation under finance lease - current	**739**	674
Dividends payable	**623**	2,649
Employee-related payables	**597**	613
Accrued interest payable	**415**	1,105
Deferred revenue - current	**284**	272
Customers' deposits	**257**	730
Due to related parties (Note 16)	–	6
Others	**2,496**	3,153
	$166,196	$143,405

Accounts payable and accrued expenses are non interest-bearing and are normally settled on 15 to 60-day terms.

Accrued expenses consist mainly of accruals for light and water, taxes, repairs and maintenance, professional fees, transportation and travel, subcontractual costs, security, insurance, representation and rent.

11. Trust Receipts and Loans Payable

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	(In thousands)	
Parent Company	**$24,000**	$22,000
PSi	**9,657**	9,100
EPIQ EA	**8,486**	9,701
STEL	**3,502**	1,397
EPIQ MX	**1,971**	2,009
	$47,616	$44,207

Parent Company
As of September 30, 2013 and December 31, 2012, the Parent Company has short-term loans aggregating to $24.00 million and $22.0 million, respectively. The loans have maturities ranging from 30-180 days and fixed interest rates ranging from 1.77% to 2.13% in 2013 and from 1.64% to 2.00% in 2012.

EPIQ EA

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	(In thousands)	
UniCredit Bulbank	**$7,428**	$9,275
BNP Paribas	**1,058**	426
	$8,486	$9,701

The loans from UniCredit Bulbank and BNP Paribas are from existing revolving credit facilities with terms of one (1) year. The loans bear interest based on 1-month EURIBOR plus 3.00% and 3-month EURIBOR plus 2.50%, respectively.

The credit facility with UniCredit Bulbank is subject to the following collaterals:

- First ranking pledge on materials, ready made and unfinished production at balance sheet value, minimum of €8,000,000;
- First ranking pledge on receivables from a certain customer; and
- Notary signed Soft Letter of Comfort from the Parent Company.

As of September 30, 2013 and December 31, 2012, EPIQ EA's pledged inventories and receivables with UniCredit Bulbank amounted to €16.00 million ($21.60 million) and €16.00 million ($21.20 million), respectively.

The credit facility with BNP Paribas is subject to the following collaterals:

- First rank pledge on receivables from selected customers of EPIQ EA, subject to pre-financing in the amount of 125% of the utilized portion of the facility but not more than €3,750,000; and
- First rank pledge on goods of EPIQ EA in the amount of 125% of the utilized portion of the facility but not more than €3,750,000.

As of September 30, 2013 and December 31, 2012, EPIQ EA's pledged inventories and receivables with BNP Paribas amounted to €0.64 million ($0.86 million).

PSI

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	(In thousands)	
Metropolitan Bank & Trust Co. (MBTC)	**$9,657**	$9,100

PSi has an unsecured Omnibus Line Credit Facility of $10.00 million which will expire on May 30, 2014, and which includes 30 to 360 days Promissory Notes (maybe denominated in USD or Philippine peso [PHP]), Letter of Credit/Trust Receipt (LC/TR) Line, Export Packing Credit Line, FX Forward Cover, and Foreign Bills Line and Domestic Bill Purchase Line, subject to interest rate of 2.22% to 2.77% in 2013 and from 2.21% to 2.71% in 2012.

As of September 30, 2013 and December 31, 2012, the outstanding trust receipts payable amounted to $0.46 million and $0.40 million, respectively.

EPIQ MX
EPIQ MX has a revolving credit line with Banamex with term not exceeding twelve (12) months maturing on December 31, 2013 and bears interest based on Libor plus 2%.

STEL
STEL has a short term loan with BNP with term not exceeding twelve (12) months maturing on December 23, 2013 and bears interest ranging from of 2.35% to 2.37%.

12. Long-Term Debt

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	(In thousands)	
Parent Company	**$46,750**	$46,624
Cooperatief	**16,542**	18,877
	63,292	65,501
Less: Current portion	**2,701**	2,650
Noncurrent portion	**$60,591**	$62,851

Parent Company
In October 2011, the Parent Company obtained a five-year term clean loan from a Philippine bank amounting to $40.0 million payable in a single balloon payment at the end of the loan term. The Parent Company may, at its option, prepay the loan in part or in full, together with the accrued interest without penalty. Interest on the loan is payable quarterly and re-priced quarterly at the rate of three-month LIBOR plus margin of 0.80%.

On February 29, 2012, the Parent Company obtained a €5 million ($6.53 million), five-year term clean loan from a local bank payable in a single balloon payment at the end of the loan term. The Parent Company may, at its option, prepay the loan in part or in full, together with the accrued interest without penalty, if made on an interest payment date, subject to certain conditions. Interest is payable semi-annually at the rate of six-month LIBOR plus 1.50% spread per annum.

Cooperatief

Cooperatief's long-term debt relates to the acquisition of EPIQ shares and receivables of EPIQ NV from the EPIQ subsidiaries. This is subject to interest rate of 1.599% plus 1.5%. The first amortization amounting to €2.0 million was paid in July 2013.

Below is the amortization schedule of the outstanding balance:

Due dates	**Amounts in Euro**	**Amount in USD**
	(in thousands)	
2014	€2,000	$2,701
2015	2,000	2,701
2016	2,000	2,701
2017	2,000	2,701
2018	4,249	5,738
Total	€12,249	$16,542

13. Equity

The exercise of the option rights among the Old and New Investors of PSi increased the Parent Company's ownership interest in PSi from 55.78% to 83.25%. This resulted to an increase in investment in PSi by $2.98 million (equivalent to the fair value of call option as of March 12, 2013 amounting to $2.86 million plus cash consideration upon the exercise of call option amounting to $0.12 million). The share of non-controlling interest was also adjusted by $4.54 million and adjustment to equity was allocated to "Additional Paid-in Capital" amounting to $7.52 million as a result of the dilution of minority.

14. Earnings per Share

The following table presents information necessary to calculate earnings (loss) per share on net income attributable to equity holders of the Parent Company.

	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)
	(In thousands)	
Net income	**$5,258**	$4,953
Less dividends on preferred stock	**(1,994)**	(1,869)
	$3,264	$3,084
Weighted average number of common shares outstanding	**1,616,403**	1,622,248
Basic and diluted	**$0.002**	$0.002

As of September 30, 2013 and 2012, the Parent Company has no dilutive potential common shares.

15. **Segment Information**

Management monitors operating results per geographical area (with the Philippine operations further subdivided into the Parent Company and PSi) for the purpose of making decisions about resource allocation and performance assessment. It evaluates the segment performance based on gross revenue, gross profit, operating income, interest income and net income before and after tax.

No operating segments have been aggregated to form a reportable segment.

Intersegment revenue is generally recorded at values that approximate third-party selling prices.

The following tables present revenue and profit information regarding the Group's geographical segments for the six months ended September 30, 2013 and 2012 (in thousands):

2013

	Philippines						Consolidation	
	Parent Company	PSi	Singapore/ China	Europe/ Mexico	USA	Japan	and Eliminations	Total
Revenue								
Third party	$140,821	$33,029	$197,591	$175,056	$280	$327	$–	$547,104
Inter-segment	259	–	3,385	547	1,735	616	(6,542)	–
Total revenue	$141,080	$33,029	$200,976	$175,603	$2,015	$943	($6,542)	$547,104
Segment gross profit (loss)	$13,635	($1,589)	$14,552	$20,577	$1,380	$606	($5,736)	$43,425
Segment operating income (loss)	($1,022)	($4,332)	$262	$12,017	($325)	$20	$–	$6,620
Segment interest income	$405	$–	$118	$1	$–	$–	($366)	$158
Segment interest expense	($1,022)	($391)	($38)	($1,000)	($2)	($1)	$366	($2,088)
Segment profit (loss) before income tax	($1,326)	($4,277)	$1,826	$10,811	($327)	($25)	$–	$6,682
Segment provision for income tax	58	(52)	(1,459)	(1,178)	–	–	–	(2,631)
Segment profit (loss)	($1,268)	($4,329)	$367	$9,633	($327)	($25)	$–	$4,051
Segment profit (loss) attributable to equity holders of the Parent	($1,268)	($3,124)	$382	$9,620	($327)	($25)	$–	$5,258

2012

	Philippines						Consolidation	
	Parent Company	PSi	Singapore/ China	Europe/ Mexico	USA	Japan	and Eliminations	Total
Revenue								
Third party	$115,884	$36,836	$210,548	$131,705	$284	$416	$–	$495,673
Inter-segment	1,768	–	2,773	–	2,194	699	(7,434)	–
Total revenue	$117,652	$36,836	$213,321	$131,705	$2,478	$1,115	($7,434)	$495,673
Segment gross profit (loss)	$10,132	($2,246)	$20,338	$13,343	($357)	$111	($197)	$41,124
Segment operating income (loss)	($4)	($7,493)	$6,670	$5,955	($3)	$144	$–	$5,269
Segment interest income	$291	$2	$96	$109	$–	$–	$–	$498
Segment interest expense	($884)	($290)	($58)	($1,207)	($1)	($1)	($–)	($2,441)
Segment profit (loss) before income tax	($81)	($8,086)	$7,008	$4,984	($5)	$139	$–	$3,959
Segment provision for income tax	(614)	(12)	(1,577)	(376)	–	(1)	–	(2,580)
Segment profit (loss)	($695)	($8,098)	$5,431	$4,608	($5)	$138	$–	$1,379
Segment profit (loss) attributable to equity holders of the Parent	($695)	($4,517)	$5,427	$4,605	($5)	$138	$–	$4,953.00

For the nine months ended September 30, 2013, the operating income (loss) and profit (loss) before and after tax for each operating segment includes net profit from inter-segment revenues and inter-segment operating expenses amounting to $6.54 million.

For the nine months ended September 30, 2012, the operating income (loss) and profit (loss) before and after tax for each operating segment includes net profit from inter-segment revenues and inter-segment operating expenses amounting to $7.43 million.

The following table presents segment assets of the Group's geographical segments as of September 30, 2013 and December 31, 2012 (in thousands):

	Philippines		Singapore/ China	Europe/ Mexico	USA	Japan	Eliminations	Total
	Parent Company	PSi						
Segment assets September 30, 2013 (Unaudited)	**$266,258**	**$19,470**	**$224,048**	**$149,947**	**$1,652**	**$892**	**($183,749)**	**$478,518**
Segment assets December 31, 2012 (Audited, as restated)	$252,386	$19,756	$219,501	$127,488	$1,926	$915	($168,619)	$453,353

Segment assets as of September 30, 2013 do not include investments in subsidiaries amounting to $132.08 million and inter-segment loans and receivables amounting to $59.36 million which are eliminated on consolidation. Furthermore, goodwill arising from the acquisition of STEL, PSi, IMI USA and EPIQ CZ amounting to $45.13 million, $7.48 million, $0.66 million and $0.65 million, respectively, are recognized at consolidated level.

Segment assets as of December 31, 2012 do not include investments in subsidiaries amounting to $129.56 million and inter-segment loans and receivables amounting to $46.39 million which are eliminated on consolidation. Furthermore, goodwill arising from the acquisition of STEL, PSi, IMI USA and EPIQ CZ amounting to $45.13 million, $7.48 million, $0.66 million and $0.65 million, respectively, are recognized at consolidated level.

The following table presents revenues from external customers and noncurrent assets (in thousands):

	Revenues from External Customers		Noncurrent Assets	
	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)	**September 30, 2013 (Unaudited)**	December31, 2012 (Audited)
Europe	**$259,416**	$245,855	**$45,758**	$42,342
USA	**133,854**	150,292	**1,069**	1,141
Asia	**96,723**	49,484	**58,905**	63,508
Philippines	**51,038**	45,546	**37,880**	41,313
Japan	**6,073**	4,496	**15**	16
	$547,104	$495,673	**$143,627**	$148,320

Revenues are attributed to countries on the basis of the customer's location. For the nine months ended September 30, 2013, certain customers independent of each other but within the same group account for $77.0 million or 14% of the Group's total revenues.

Noncurrent assets, which include property, plant and equipment, goodwill, and intangible assets, are disclosed according to their physical location.

The following table presents revenues per product type (in thousands):

	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)
Automotive	**$209,147**	$151,054
Industrial	**88,506**	81,293
Telecom	**80,619**	95,177
Consumer	**76,495**	82,019
Multiple Market	**40,538**	43,354
Computer Peripherals	**26,529**	24,668
Medical	**19,165**	15,986
Others	**6,105**	2,122
Total	**$547,104**	$495,673

16. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities.

Terms and Conditions of Transactions with Related Parties
The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended September 30, 2013 and December 31, 2012, the Group has not recorded any impairment of loans and receivables relating to amounts owed by related parties. Impairment assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

In the ordinary course of business, the Group transacts with its related parties. The transactions and balances of accounts with related parties follow:

a. Transactions with BPI, an affiliate

As of September 30, 2013 and December 31, 2012, the Group maintains current and savings accounts, and other short-term investments with BPI as follows:

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Cash in bank	**$953**	$750
Short-term investments	**-**	1,318

b. Outstanding balances of related party transactions follow:

(in Thousands)	Receivables		Payables	
	Sep 30, 2013 (Unaudited)	December 31, 2012 (Audited)	**Sep 30, 2013 (Unaudited)**	December 31, 2012 (Audited)
Affiliates:				
BPI	**$535**	$418	**$–**	$–
TLI	**10**	8	**–**	3
Innove Communication Inc. (ICI)	**–**	–	**–**	2
Globe Telecom, Inc. (GTI)	**–**	–	**–**	1
	545	426	–	6
Subsidiaries:				
STEL	**$23,780**	$21,597	**$6,963**	$1,518
Monarch and EPIQ Subsidiaries	**14,365**	11,061	–	–
PSi	**9,363**	7,290	**546**	546
IMI Singapore	**1,010**	1,017	–	–
IMI Japan	**1,000**	979	**743**	717
IMI USA	**250**	258	**218**	126
IMI ROHQ	**108**	–	**463**	436
	49,877	42,196	**8,934**	3,343
	$50,422	$42,622	**$8,934**	$3,349

i. Receivables from BPI are nontrade in nature and pertain to retirement and separation pay advanced by the Parent Company but reimbursable from the trust fund with BPI. These are non-interest bearing and are due quarterly.

ii. Receivables from TLI are nontrade in nature and pertain to advances by the Parent Company for various expenses incurred by TLI, primarily on real property taxes and corporate secretarial services. These are reimbursable with a 30-day term.

iii. Receivables from Singapore, STEL, IMI Japan, IMI USA, PSi, Monarch and EPIQ Subsidiaries pertain to operating cash advances made by the Parent Company.

    Operating cash advances to subsidiaries that have been billed are presented as "Nontrade receivables," while those still for billing are recognized as "Advances to related party". Advances to Singapore, STEL, IMI Japan and IMI USA are non-interest bearing and are due on demand.

    Advances to EPIQ MX, EPIQ CZ and PSi have a 90-day term subject to interest rates ranging from 2.38% to 3.24%.

iv. Payables to TLI are nontrade in nature and pertain to the new lease agreement between the Parent Company and TLI which was executed for a period of three (3) years, commencing on January 2, 2012 up to December 31, 2014 with the same terms and condition of the prior agreement except for the rental fees.

v. Payables to GTI pertain to billings for software and wifi connections. These are due and demandable.

vi. Payables to IMI ROHQ are nontrade in nature and pertain to services provided by IMI ROHQ which serve as a supervisory, communications and coordinating center for its affiliates.

vii. Payables to STEL pertain to various expenses of the Parent Company advanced by IMI Singapore and its subsidiaries such as travel expenses of the Parent Company's personnel when going to STEL for business purposes. These advances are noninterest-bearing and are payable on demand.

viii. Payables to PSi represent payments to settle certain liabilities that had arisen prior to the investment of New Investors and which have been identified as Pre-Completion Liabilities. Pursuant to the Agreement, Old Investors and the New Investors shall reimburse PSi for these payments to the extent of two-thirds (2/3) and one-third (1/3) of the amounts, respectively, for the first $3.00 million of the Pre-Completion Liabilities, with the Old Investors absorbing any amount in excess, but only to the extent of the value of the shares that will be eventually sold to the new Investors under the put and call option provision.

c. Revenue and expenses from related parties follow:

(In Thousands)	Revenue/Income		Expenses	
	Sep 30, 2013 (Unaudited)	Sep 30, 2012 (Unaudited)	**Sep 30, 2013 (Unaudited)**	Sep 30, 2012 (Unaudited)
Affiliates:				
BPI	**$–**	$56	**$–**	$–
Ayala Group Legal (AG Legal)	–	–	**68**	66
TLI	–	–	**20**	–
ICI	–	–	**67**	99
GTI	–	–	**50**	–
	–	56	**205**	165
Subsidiaries:				
STEL	**259**	–	–	53
IMI ROHQ	**3,385**	2,735	–	–
EPIQ subsidiaries	**223**	167	–	–
IMI USA	**1,735**	2,194	–	–
IMI Japan	**616**	699	–	–
PSi	**238**	40	–	–
	4,303	5,835	–	53
	$4,303	$5,891	**$205**	$218

Revenue recognized from related parties includes:

i. Interest income earned from intercompany loans, investments and gain on foreign currency forwards with BPI.
ii. Intercompany revenues mainly pertain to billings of IMI USA and IMI Japan to the Parent Company for recovery costs, billings for management salaries of key management personnel under IMI ROHQ and intercompany transfers of finished goods to be shipped to ultimate customers.

Expenses incurred for related parties include:

i. Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
ii. Lot rental expense from lease agreement with TLI.
iii. Building rental, leased lines, internet connections and ATM connections with ICI.
iv. Billings for cellphone charges and WiFi connections with GTI.
v. Allocation of retirement expense covering IMI ROHQ.
vi. Professional fees from IMI USA.

17. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, composed of trust receipts and loans payable, long-term debt and other financial liabilities, were issued primarily to raise financing for the Group's operations. The Group has various financial instruments such as cash and cash equivalents, loans and receivables and accounts payable and accrued expenses which arise directly from its operations.

The main purpose of the Group's financial instruments is to fund its operational and capital expenditures. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Group also enters into currency forwards to manage the currency risk arising from its operations and financial instruments.

The Group's risk management policies are summarized below:

Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact on floating rate borrowings) as of September 30, 2013 and December 31, 2012. There is no other impact on the Group's equity other than those already affecting income (in thousands):

	Effect on profit before tax	
Increase/decrease in basis points	**2013**	2012
+100	**($572)**	($583)
-100	**572**	583

Liquidity risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group's exposure to liquidity risk relates primarily to its short and long-term obligations. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover financing requirements, the Group intends to use internally-generated funds and loan facilities with local and foreign banks. Surplus funds are placed with reputable banks.

Credit risk
Credit risk is the risk that the Group's counterparties to its financial assets will fail to discharge their contractual obligations. The Group's major credit risk exposure relates primarily to its holdings of cash and cash equivalents and short-term investments and receivables from customers and other third parties. Credit risk management involves dealing with institutions for which credit limits have been established. The treasury policy sets credit limits for each counterparty. The Group trades only with recognized, creditworthy third parties. The Group has a well-defined credit policy and established credit procedures. The Group extends credit to its customers consistent with sound credit practices and industry standards. The Group deals only with reputable, competent and reliable customers who pass the Group's credit standards. The credit evaluation reflects the customer's overall credit strength based on key financial and credit characteristics such as financial stability, operations, focus market and trade references. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's maximum exposure to credit risk for the components of the consolidated balance sheets as at September 30, 2013 and December 31, 2012 are the carrying amounts except for cash and cash equivalents. The Group's maximum exposure for cash and cash equivalents excludes the carrying amount of cash on hand.

The Group has 38% and 36% of trade receivables relating to three (3) major customers as of September 30, 2013 and December 31, 2012, respectively.

As of September 30, 2013 and December 31, 2012, the aging analysis of trade receivables follows:

	Total	Neither past due nor impaired	Past due but not impaired					Specifically Impaired
			<30 days	30-60 days	60-90 days	90-120 days	>120 days	
September 30, 2013 (Unaudited)	**$161,713**	**$141,935**	**$8,278**	**$2,030**	**$1,348**	**$1,637**	**$3,663**	**$2,822**
December 31, 2012 (Audited)	$147,455	$121,003	$17,352	$3,598	$1,441	$546	$1,056	$2,459

Foreign currency risk
The Group's foreign exchange risk results primarily from movements of the U.S. Dollar against other currencies. As a result of significant operating expenses in Philippine Peso, the Group's consolidated statements of comprehensive income can be affected significantly by movements in the U.S. Dollar versus the Philippine Peso.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases denominated in other than the Group's functional currency.

The Group manages its foreign exchange exposure risk by matching, as far as possible, receipts and payments in each individual currency. Foreign currency is converted into the relevant domestic currency as and when the management deems necessary. The unhedged exposure is reviewed and monitored closely on an ongoing basis and management will consider to hedge any material exposure where appropriate.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their U.S. Dollar equivalent follows (in thousands):

Philippine Peso (₱)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Philippine Peso**	In U.S. Dollar	In Philippine Peso
Cash and cash equivalents	**$1,717**	**₱74,745**	$2,524	₱103,633
Loans and receivables	**1,199**	**52,181**	1,267	52,036
Miscellaneous deposits	**1,581**	**68,843**	1,097	45,056
Accounts payable and accrued expenses	**(36,673)**	**(1,596,562)**	(30,727)	(1,261,354)
Other current liabilities	**(1,818)**	**(79,136)**	(2,332)	(95,755)
Other noncurrent liabilities	**(207)**	**(9,023)**	(311)	(12,799)
Net foreign currency-denominated liabilities	**($34,201)**	**(₱1,488,952)**	($28,482)	(₱1,169,183)

Singapore Dollar (SGD)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Singapore Dollar**	In U.S. Dollar	In Singapore Dollar
Cash and cash equivalents	**$1,546**	**SGD1,943**	$829	SGD1,013
Loans and receivables	**77**	**97**	32	40
Accounts payable and accrued expenses	**(1,251)**	**(1,572)**	(1,934)	(2,364)
Other current liabilities	**(77)**	**(97)**	(1,106)	(1,352)
Loans payable	**(1)**	**(2)**	(1,395)	(1,705)
Net foreign currency-denominated liabilities	**$294**	**(SGD369)**	($3,574)	(SGD4,368)

Euro (€)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Euro**	In U.S. Dollar	In Euro
Cash and cash equivalents	**$3,732**	**€2,764**	$2,430	€1,836
Loans and receivables	**37,932**	**28,096**	41,287	31,188
Accounts payable and accrued expenses	**(17,685)**	**(13,099)**	(13,741)	(10,380)
Other current liabilities	**-**	**-**	(31)	(24)
Loans payable	**(15,236)**	**(11,285)**	(16,320)	(12,328)
Net foreign currency-denominated assets	**$8,744**	**€6,476**	$13,625	€10,292

Japanese Yen (¥)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Japanese Yen**	In U.S. Dollar	In Japanese Yen
Cash and cash equivalents	**$53**	**¥5,161**	$241	¥20,778
Loans and receivables	**1,093**	**106,980**	1,661	142,971
Miscellaneous deposits	–	–	1,889	162,576
Accounts payable and accrued expenses	**(4,379)**	**(428,446)**	(4,186)	(360,283)
Other current liabilities	**(4)**	**(385)**	–	–
Net foreign currency-denominated liabilities	**($3,237)**	**(¥316,690)**	($395)	(¥33,958)

Renminbi (RMB)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Renminbi**	In U.S. Dollar	In Renminbi
Cash and cash equivalents	**$11,683**	**RMB 71,828**	$14,713	RMB91,750
Loans and receivables	**52,337**	**321,780**	55,410	345,540
Accounts payable and accrued expenses	**(38,607)**	**(237,360)**	(38,457)	(239,821)
Net foreign currency-denominated assets	**$25,414**	**RMB156,248**	$31,666	RMB197,469

Hong Kong Dollar (HKD)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Hong Kong Dollar**	In U.S. Dollar	In Hong Kong Dollar
Cash and cash equivalents	**$231**	**HKD1,792**	$60	HKD467
Loans and receivables	**1,150**	**8,917**	119	924
Accounts payable and accrued expenses	**(970)**	**(7,524)**	(785)	(6,089)
Net foreign currency-denominated assets (liabilities)	**$411**	**HKD3,185**	($606)	(HKD4,698)

British Pound (£)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In UK Pound**	In U.S. Dollar	In UK Pound
Loans and receivables	**$–**	**£–**	$1	£0.6
Accounts payable and accrued expenses	**(24)**	**(15)**	(14)	(10)
Net foreign currency-denominated liabilities	**($24)**	**(£15)**	($13)	(£9)

Australian Dollar (AUD)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Australian Dollar**	In U.S. Dollar	In Australian Dollar
Cash and cash equivalents	$–	AUD –	$–	AUD–
Accounts payable and accrued expenses	**(52)**	**(56)**	(504)	(486)
Net foreign currency-denominated liabilities	**($52)**	**(AUD56)**	($504)	(AUD486)

Bulgarian Lev (BGN)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Bulgarian Lev**	In U.S. Dollar	In Bulgarian Lev
Cash and cash equivalents	**$477**	**BGN691**	$1,142	BGN1,698
Loans and receivables	**1,420**	**2,057**	3,269	4,858
Accounts payable and accrued expenses	**(3,198)**	**(4,632)**	(3,036)	(4,512)
Other current liabilities	**(833)**	**(1,206)**	(662)	(984)
Net foreign currency-denominated assets (liabilities)	**($2,134)**	**(BGN3,090)**	$713	BGN1,060

Czech Koruna (CZK)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Czech Koruna**	In U.S. Dollar	In Czech Koruna
Cash and cash equivalents	**$144**	**CZK2,766**	$78	CZK1,507
Loans and receivables	**80**	**1,526**	220	4,183
Accounts payable and accrued expenses	**(1,068)**	**(20,323)**	(1,026)	(19,512)
Other current liabilities	**(66)**	**(1,250)**	(337)	(6,415)
Net foreign currency-denominated (liabilities)	**($910)**	**(CZK17,281)**	($1,065)	(CZK20,237)

Mexican Peso (MXN)

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	In U.S. Dollar	**In Mexican Peso**	In U.S. Dollar	In Mexican Peso
Cash and cash equivalents	**$1,833**	**MXN24,194**	$569	MXN7,319
Loans and receivables	–	–	154	1,975
Other assets	–	–	4,905	63,068
Accounts payable and accrued expenses	**(7,270)**	**(95,973)**	(3,660)	(47,058)
Other current liabilities	–	–	(39)	(503)
Net foreign currency-denominated assets (liabilities)	**($5,437)**	**(MXN71,779)**	$1,929	MXN24,801

Sensitivity analysis

The following table demonstrates sensitivity to a reasonably possible change in the U.S. Dollar exchange rate, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of September 30, 2013 and December 31, 2012. The reasonably possible change was computed based on one year average historical movement of exchange rates between U.S Dollar and other currencies.

There is no other impact on the Group's equity other than those already affecting income. The increase in U.S. Dollar rate as against other currencies demonstrates weaker functional currency while the decrease represents stronger U.S. Dollar value.

September 30, 2013 (Unaudited)

Currency	**Increase/decrease in U.S. Dollar rate**	**Effect on profit before tax (in thousands)**
PHP	**+1%**	**(361)**
	-1%	**361**
SGD	**+1%**	**3**
	-1%	**(3)**
EUR	**+1%**	**107**
	-1%	**(107)**
JPY	**+1%**	**(34)**
	-1%	**34**
RMB	**+1%**	**220**
	-1%	**(220)**
HKD	**+1%**	**4**
	-1%	**(4)**
AUD	**+1%**	**(1)**
	-1%	**1**
BGN	**+1%**	**(19)**
	-1%	**19**
CZK	**+1%**	**(8)**
	-1%	**8**
MXN	**+1%**	**10**
	-1%	**(10)**

December 31, 2012 (Audited)

Currency	Increase/decrease in U.S. Dollar rate	Effect on profit before tax
PHP	1%	(164)
	-1%	164
SGD	1%	(18)
	-1%	18
EUR	1%	166
	-1%	(166)
JPY	1%	(3)
	-1%	3
RMB	1%	280
	-1%	(280)
HKD	1%	(6)
	-1%	6
AUD	1%	(6)
	-1%	6
BGN	1%	7
	-1%	(7)
CZK	2%	(8)
	-2%	8
MXN	3%	15
	-3%	(15)

Derivatives
The Group has outstanding forward contracts with a positive fair value of $0.07 million as of September 30, 2013. Derivative asset as of December 31, 2012 representing the value of call option was exercised on March 12, 2013.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

No changes were made in the objectives, policies and processes during the period ended September 30, 2013 and December 31, 2012.

The Group is not subject to externally imposed capital requirements.

The Group monitors capital using a gearing ratio of debt to equity and net debt to equity. The Group considers bank borrowings in the determination of debt, which consist of trust receipts and loans payable and long-term debt. Net debt is equivalent to the total bank borrowings less cash and cash equivalents.

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Trust receipts and loans payable	**$47,616**	$44,207
Long-term debt	**46,750**	46,624
Total debt	**94,366**	90,831
Less cash and cash equivalents	**(56,315)**	(56,196)
Net debt	**$38,051**	$34,635
Equity attributable to equity holders of the Parent Company	**$192,217**	$193,818
Debt to equity ratio	**49%**	47%
Net debt to equity ratio	**20%**	18%

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Financial Highlights

	For the quarters ended 30 Sept	
	2013	**2012**
	(in US$ thousands, except Basic EPS)	
Revenues from Sales and Services	**$547,104**	$495,673
Cost of Goods Sold and Services	**503,679**	457,140
Gross Profit	**43,425**	38,533
Net Income attributable to equity holders of the Parent Company	**5,258**	4,953
EBITDA[i]	**24,657**	24,860
Basic Earnings per Share (EPS)	**$0.002**	$0.002

Revenues from Sales and Services

The Company generated consolidated revenues of US$547.1 million for the nine months ended September 30, 2013, a 10% growth year over year due mainly to the company's strong business expansion in Europe, Mexico and the Philippines. IMI's China and Singapore operations contributed US$197.6 million in combined revenues, a decline of 6% year-on-year driven by reduced revenues from communication and consumer industry segments due to slowdown in local demand. Operations in Europe and Mexico posted US$175.6 million in combined revenues, up 33% year-over-year at the back of continued expansion of its automotive business. IMI's operations in the Philippines posted US$141.1 million in revenues, a 20% year-on-year growth mainly because of increased business in the storage device market. PSi Technologies, Inc., a subsidiary of IMI, recorded US$33.0 million in revenues, down from last year by 10% due to weeding out of non-profitable businesses.

On the overall, the automotive segment continues to dominate the Company's market comprising 38% of consolidated revenues. The Company also has robust sales pipeline for the industrial, telecommunications and consumer segments. Europe remains to be the biggest market of the company's products, comprising 47% of global sales, followed by America at 24%.

[i] EBITDA = EBITDA represents net operating income after adding depreciation and amortization, cost of share-based payments and foreign exchange gains/losses. EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of our operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, our presentation of these measures may not be comparable to similarly titled measures used by other companies.

Cost of Goods Sold and Services

Cost of sales is higher by 10% relative to the 10% increase in revenues. Increase is mainly attributable to direct materials from increased revenues of Europe and Mexico entities which are mostly under the turnkey business arrangement. Direct labor also increased from upsurge of labor-intensive businesses in the Philippines, majority of which are under the consignment arrangement.

Gross Profit and Gross Profit Margin

The Company's operations generated gross profit of US$43.4 million, higher year-on-year by 13% which is revenue driven. GP margin slightly higher by 16 bps from better margins of Europe and Mexico, Philippines and PSi, however offset by China driven by significant revenue drop and lower capacity utilization.

Operating Expenses

The Company's operating expenses went up by US$3.5 million or 11% due to higher reversal of prior year excess accruals in 2012 and higher general and administrative costs relative to global expansion (systems upgrade, transpo/travel and higher utilities costs). The Group also provided allowance for over-aged inventories and long-outstanding receivables for the nine-month period aggregating $2.0 million, higher than last year by $1.3 million.

Net Income

The company generated US$5.3M in net income in the nine months ended September 30, 2013, higher by 6% in the same period last year. Operating income better by US$1.4 million or 26% driven by Europe and Mexico. Share of minority in net loss of subsidiary decreased by US$2.4M from change in ownership in PSi from 55.78% to 83.25%. Beneficial FX positions +US$0.9M due to strengthening of USD/PHP (liability position) and appreciation of RMB/USD (asset position). Other income from other business revenues and gain on sale of assets +US$0.5M and amortization of deferred tax liability upon exercise of call option +US$0.8M also contributed to the increase.

EBITDA

EBITDA slightly lower by US$0.2 million or 1% from last year's US$24.9 million due to lower depreciation and amortization this year from various end of life and disposals of assets.

Financial Condition

The Company maintains financial stability with a cash balance of US$56.3 million as of September 30, 2013. Current ratio and debt-to-equity ratio remains healthy at 1:51:1 and 0.49:1, respectively.

For the nine-month period of 2013, the Company's capital expenditures amounted to US$13.3 million which comprised mainly of warehouse, building improvements, machineries and facilities equipment to sustain continuous plant expansions. For 2013, the Company expects to spend $18.1M for capital expenditures. These capital expenditures are to be partially funded by proceeds of the Company's cash from operations and debt. The main components of these expenditures are building improvements for new production facility, purchase of equipment and various machineries restorations and innovation. These will ensure uninterrupted services and meeting demands of the Company's customers.

Prospects for the future

The Company continues to grow its topline and exceed last year's profit despite a global economy in low gear. The Company is seeing improvements in its China business and has streamlined its operations to cushion the impact of reduced revenues while it continues to expand businesses in other locations. IMI continues to carry on its diversification strategy in the face of uncertain times.

Key performance indicators of the Company

The table below sets forth the comparative performance indicators of the Company:

	As of end	
	30 Sept 2013	**31 Dec 2012**
Performance indicators		
Liquidity:		
Current ratio	1.5x	1.6x
Solvency:		
Debt-to-equity ratio	0.49x	0.47x

	For the quarters ended 30 Sept	
	2013	**2012**
Operating efficiency:		
Revenue growth	10%	24%
Profitability:		
EBITDA margin[ii]	5%	5%

In the above:

(i) There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

(ii) There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

(iv) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations.

(v) There were no significant elements of income or loss that did not arise from continuing operations.

[ii] EBITDA Margin = EBITDA divided by revenues from sales and services where EBITDA represents net operating income after adding depreciation and amortization, cost of share-based payments and foreign exchange gains (losses). EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of our operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, our presentation of these measures may not be comparable to similarly titled measures used by other companies.

(vi) There are no seasonal aspects that may have a material effect on the financial condition of the Company.

Causes for any material changes
(Increase or decrease of 5% or more in the financial statements)

Income Statement items
(Quarter ended 30 Sept 2013 versus 30 Sept 2012)

10% growth in Revenues from Sales and Services ($495.7M to $547.1M)
Increase was mainly due to the Company's automotive business expansion in Europe and Mexico (↑US$43.9 million) and the Philippines (↑US$23.4 million) due to increased business in the storage device market.

10% increase in Cost of Goods Sold and Services ($457.1M to $503.7M)
The increase in Cost of Goods Sold and Services was relative to the upsurge in revenues of turnkey businesses resulting to higher direct material costs, increase in labor cost ratio due to expansion of labor-intensive projects and increase in fixed overhead costs mainly additional people costs, transpo/travel, utilities and supplies to cope with the business expansions.

11% increase in Operating Expenses ($33.3M to $36.8M)
The increase can be attributable to higher reversal of PY excess accruals in 2012 by US$2M and increased expenses (systems upgrade, transpo/travel and higher utilities costs). Provision for inventory obsolescence and bad debts were also recognized for Bulgaria, China and Philippines aggregating to US$2.0 miilion vs. last year's US$0.7 million.

105% increase in net finance and other income (-$1.3M to $62K)
Foreign exchange +US$0.7M due to strengthening of USD/PHP (liability position) and appreciation of RMB/USD (asset position). Other income also grew from other business revenues and gain on sale of assets +US$0.6M.

6% increase in net income attributable to equity holders of the Parent Company ($5.0M to $5.3M)
Relative to increase in revenues and improved profitability.

66% decrease in net loss attributable to Noncontrolling Interest (-$3.6M to -$1.2 million)
Lower net loss of PSi by 47% as a result of consolidation of facilities coupled by dilution of minority share in PSi (44.22% to 16.75%).

Balance Sheet items
(30 Sept 2013 versus 31 Dec 2012)

8% increase in Loans and receivables ($150.9M $163.1M)
Relevant to significant growth of revenues from Europe and Philippine operations.

9% increase in Inventories ($83.2M $91.0M)
Increase attributable to growth of turnkey businesses. Turnkey:consignment ratio from 89:11 to 92:8.

98% decrease in Derivative assets ($2.9M to $65K)
Exercise of call option.

166% increase in Other current assets ($7.4M to $19.7M)
Represents VAT claims of IMI Mexico.

14% decrease in Intangible assets ($5.9M to $5.1M)
Due to amortization of customer relationship recognized upon acquisition of Europe and Mexico subsidiaries (5-year amortization)

29% decrease in Deferred income tax assets ($1.1M to $0.8M)
Attributable to China' general provisions and unutilized losses.

16% increase in Accounts payable and accrued expenses ($143.4M to $166.2M)
Increase in trade payables (↑$15M) for IMI Europe and Philippines with reference to increased inventories and longer days payable for PSi. Increase in accrued expenses (↑$12M) mainly from additional accruals for people-related costs, subcontracting costs, taxes, supplies, utilities and professional fees.

8% increase in Trust receipts and loans payable ($44.2M to $47.6M)
Additional loan availment of IMI Philippines and STEL ($5M).

32% decrease in Deferred tax liabilities ($4.6M to $3.2M)
Due mainly to reversal of deferred tax liability upon exercise of the call option and amortization of deferred tax liabilities on increase in fair value of PPE and recognition of intangibles for IMI Europe at the time of acquisition.

11% decrease in Deferred revenue ($2.0M to $1.8M)
Amortization of deferred revenue of PSi representing advances from customers for facilities support services.

159% increase in Obligation under finance lease ($0.7M to $1.8M)
Additional finance lease contracts related to IMI Europe's machineries and production equipment.

13% decrease in Additional Paid-in Capital ($58.6M to $51.2M)
Arising from change in ownership in PSi from 55.78% to 83.25%. Additional investment in PSi amounting to US$3.0 million equivalent to the value of call option at the time of exercise and cash consideration, and dilution of non-controlling interest was allocated to APIC.

17% increase in Cumulative translation adjustments (-$2.3M to $1.9M)
Arising from translation of accounts of newly acquired entities in Europe and Mexico denominated in their respective local currencies to the Parent Company's functional currency. Movement is attributable to appreciation of subsidiaries' local currencies against USD with regard to its net assets.

56% increase in Minority interests in a consolidated subsidiary (-$5.9M to $-2.6M)
Lower share of minority in the net liabilities of PSi as a result of change in ownership from 55.78% to 83.25%.

EXHIBIT 1
FINANCIAL RATIOS
For the period ended September 30, 2013 and 2012

Ratios	Formula	As of Sep 30, 2013	As of December 31, 2012	As of Sep 30, 2012
(i) Current ratio	Current assets / Current Liabilities	**1.51**	**1.56**	
(ii) Debt/Equity ratio	Bank debts / Equity attributable to parent	**0.49**	**0.47**	
(iii) Asset to Equity ratio	Total Assets / Equity attributable to parent	**2.49**	**2.34**	
(iv) Interest rate coverage ratio	Earnings before interest and taxes / Interest Expense	**4.12**		2.42
(v) Profitability ratios				
GP margin	Gross Profit / Revenues	**7.9%**		7.8%
Net profit margin	Net Income after Tax / Revenues	**1.0%**		1.0%
EBITDA margin	EBITDA / Revenues	**4.5%**		5.0%
Return on assets	Net Income after Tax / Total Asset	**1.1%**		1.1%
Return on equity	Net Income after Tax / Average equity attributable to parent	**2.7%**		2.6%

	(in U.S. Dollars)		
	Sep 30, 2013	**December 31, 2012**	**Sep 30, 2012**
Current Assets	330,197	300,536	
Current Liabilities	218,421	192,173	
Bank Debts	94,366	90,831	
Equity attributable to parent	192,217	193,818	197,390
Total Assets	478,518	453,353	460,096
Earnings before interest and taxes	8,612		5,902
Interest expense	2,088		2,441
Gross Profit	43,425		38,533
Revenues	547,104		495,673
Net Income after Tax	5,258		4,953
EBITDA	24,657		24,860
Average equity attributable to parent	193,018		193,326

PART II--OTHER INFORMATION

1. At the Regular Annual Stockholders' meeting held on April 12, 2013 the stockholders considered and approved the following:

   - Election of the following Board of Directors for the ensuing year:

     Jaime Augusto Zobel de Ayala
     Fernando Zobel de Ayala
     Delfin L. Lazaro
     Arthur R. Tan
     Delfin C. Gonzalez, Jr.
     John Eric T. Francia
     Rafael Ma. C. Romualdez
     Jose Ignacio A. Carlos
     Alelie T. Funcell (Independent Director)
     Hiroshi Nishimura (Independent Director)
     Diosdado P. Banatao (Independent Director)

   - Appointment of Sycip, Gorres, Velayo & Co. as the external auditors of the Company for the ensuing year.

2. In the Organizational meeting held immediately after the Regular Annual Stockholders' meeting, the Board of Directors elected the following:

   - Board Committees and Memberships:

     Executive Committee
     Delfin L. Lazaro – Chairman
     Rafael Ma. C. Romualdez – Vice Chairman
     Arthur R. Tan – Member

     Audit Committee
     Hiroshi Nishimura – Chairman
     Rafael Ma. C. Romualdez – Member
     Jaime P. Villegas – Member

     Nomination Committee
     Jaime Augusto Zobel de Ayala – Chairman
     Jose Ignacio A. Carlos – Member
     Alelie T. Funcell – Member

     Compensation Committee
     Fernando Zobel de Ayala – Chairman
     Delfin L. Lazaro – Member
     Rafael Ma. C. Romualdez – Member

     Finance Committee
     Delfin C. Gonzalez – Chairman
     John Eric T. Francia – Member
     Rafael Ma. C. Romualdez – Member

- Officers:

Jaime Augusto Zobel de Ayala	-	Chairman of the Board
Arthur R. Tan	-	President & Chief Executive Officer
Jerome S. Tan	-	Global Chief Finance Officer
Linardo Z. Lopez	-	Senior Managing Director, Global Head of Materials & Supply Chain
Shong Cheng Yeh	-	Senior Managing Director – COO Asia
Anthony Raymond P. Rodriguez	-	AVP, Head of Treasury and Credit
Sheila Marie U. Tan	-	Corporate Secretary
Christian Gerard P. Castillo	-	Assistant Corporate Secretary

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant **INTEGRATED MICRO-ELECTRONICS, INC.**

By:

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

Date: November 12, 2013

JEROME S. TAN
Chief Finance Officer

Date: November 12, 2013