COVER SHEET

9 4 4 1 9

INTEGRATED MICRO-ELECTRONICS, INC.

(Company's Full Name)

NORTH SCIENCE AVE., LAGUNA TECHNOPARK, BINAN, LAGUNA

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

JEROME S. TAN

Contact Person

7756-6840

Company Telephone Number

1 2	3 1
Month	*Day*

Fiscal Year

SEC FORM 17-C

FORM TYPE

0 4	1 5
Month	*Day*

Annual Meeting

Secondary License Type, if Applicable

C F D

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

S T A M P S

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

Tel +63 2 7756 6840; +63 2 7756 6940
Tel +63 49 544 0312
www.global-imi.com

A member of AC Industrials

CERTIFICATION

We, ROBERT WILLIAM HEESE (Chief Finance Officer and Compliance Officer) and LAURICE S. DELA CRUZ (Vice President, Finance and Corporate Controller, Deputy Compliance Officer) of Integrated Micro-Electronics, Inc. (the "Corporation"), with SEC Registration Number 94419 and with principal office at North Science Avenue, Laguna Technopark-Special Processing Zone, Binan, Laguna, state under oath that:

1) On behalf of the Corporation, we have caused the SEC Form 17-Q (Quarterly Report) to be prepared;
2) We have read and understood its contents which are true and correct of my own personal knowledge and/or based on true records; and
3) The Corporation will comply with the requirements set forth in SEC Notice dated June 24, 2020 for the complete and official submission of reports and/or documents through electronic mail.

IN WITNESS WHEREOF, we have hereunto set our hands this AUG 09 2024 in Makati City.

ROBERT WILLIAM HEESE
Chief Finance Officer and Compliance Officer

LAURICE S. DELA CRUZ
Vice President, Finance and Corporate Controller and Deputy Compliance Officer

SUBSCRIBED AND SWORN to before me this AUG 09 2024 in Makati City, affiants exhibited to me, as competent evidence of their identities, to wit:

Name	Competent Evidence of Identity	Date /Place of issue
ROBERT WILLIAM HEESE	Driver's License 03276292	September 25, 2023/Canada
LAURICE S. DELA CRUZ	Passport Number P7177471B	July 12, 2021/DFA Manila

Doc. No. 359;
Page No. 74;
Book No. LVII;
Series of 2024.

ATTY. ROBERTO T. ONGSIAKO
NOTARY PUBLIC
ROLL NO. 37041
MAKATI CITY, PHILIPPINES

ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-056 until December 31, 2024
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 10075604 – 01/02/2024 - Makati City
MCLE Compliance No. VIII – 0000591 – 09/30/2022
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

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**: June 30, 2024**

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: **North Science Avenue, Laguna Technopark-Special Processing Zone (LT-SEZ), Bo. Biñan, Biñan, Laguna**

   Postal Code: **4024**

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 *	2,217,293,215

* Net of 15,892,224 treasury shares;

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

    2,217,293,215 common shares are listed with the Philippine Stock Exchange, including 15,892,224 treasury shares as of June 30, 2024.

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 [ ]

Item 1. Financial Statements

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2024
(With Comparative Audited Figures as of December 31, 2023)
(In thousands)

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**$90,062**	$91,588
Short-term investments (Note 4)	**–**	11,420
Receivables – net (Note 5)	**268,872**	283,709
Contract assets (Note 6)	**41,656**	52,901
Inventories (Note 7)	**238,319**	269,313
Other current assets (Note 8)	**26,222**	30,396
Total Current Assets	**665,131**	739,327
Noncurrent Assets		
Property, plant and equipment - net (Note 9)	**128,443**	138,725
Goodwill (Note 18)	**68,644**	70,181
Intangible assets - net (Note 10)	**3,309**	3,468
Right-of-use assets (Note 19)	**24,881**	19,473
Deferred tax assets	**2,966**	3,649
Financial assets at FVOCI	**2,541**	2,364
Other noncurrent assets (Note 11)	**15,351**	17,441
Total Noncurrent Assets	**246,135**	255,301
	$911,266	$994,628

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 12)	**$260,371**	$283,457
Contract liabilities (Note 6)	**3,293**	2,748
Loans payable (Note 13)	**181,421**	210,027
Current portion of long-term debt (Note 14)	**2,656**	6,485
Current portion of lease liabilities (Note 19)	**4,992**	8,266
Income tax payable	**1,809**	2,012
Other current liabilities (Note 15)	**1,522**	1,525
Total Current Liabilities	**456,064**	514,520
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Note 14)	**137,018**	140,214
Lease liabilities (Note 19)	**22,749**	13,723
Net retirement liabilities	**7,138**	8,827
Deferred tax liabilities	**989**	1,014
Other noncurrent liabilities	**4,554**	5,744
Total Noncurrent Liabilities	**172,448**	169,522
Total Liabilities	**628,512**	684,042

(Forward)

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
EQUITY (Note 16)		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	**$42,721**	$42,721
Subscribed capital stock	**688**	689
Additional paid-in capital	**193,764**	193,778
Subscriptions receivable	**(2,560)**	(2,576)
Unappropriated retained earnings	**80,503**	89,177
Treasury stock	**(1,013)**	(1,013)
Other components of equity	**863**	548
Cumulative translation adjustment	**(44,870)**	(34,799)
Remeasurement losses on defined benefit plans	**(10,050)**	(10,050)
	260,046	278,475
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	**22,708**	32,110
Total Equity	**282,754**	310,585
	$911,266	$994,628

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(In thousands, except Earnings per Share)

	2024 (Unaudited)		2023 (Unaudited)	
	Apr to Jun	**Jan to Jun**	Apr to Jun	Jan to Jun
REVENUES FROM CONTRACTS WITH CUSTOMERS (Note 18)	**$275,687**	**$565,803**	$345,066	$691,893
COST OF SALES	**250,781**	**517,792**	312,030	629,481
GROSS PROFIT	**24,906**	**48,011**	33,036	62,412
OPERATING EXPENSES	**(27,820)**	**(51,732)**	(25,862)	(51,421)
OTHERS - Net				
Interest and bank charges	**(4,814)**	**(10,095)**	(4,964)	(9,902)
Foreign exchange losses	**(568)**	**(1,397)**	(1,691)	(1,773)
Interest income	**346**	**1,011**	135	267
Miscellaneous income (losses) – net	**(724)**	**15**	(83,679)	(82,937)
LOSS BEFORE INCOME TAX	**(8,674)**	**(14,187)**	(83,025)	(83,354)
PROVISION FOR INCOME TAX	**215**	**(2,539)**	(1,209)	(2,828)
NET LOSS	**($8,459)**	**($16,726)**	($84,234)	($86,182)
Net Loss Attributable to:				
Equity holders of the Parent Company	**($5,097)**	**($8,771)**	($82,914)	($83,663)
Non-controlling interests	**(3,362)**	**(7,955)**	(1,320)	(2,519)
	($8,459)	**($16,726)**	($84,234)	($86,182)
Loss Per Share:				
Basic and diluted (Note 17)		**($0.0040)**		($0.0379)

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(In thousands)

	2024 (Unaudited)		2023 (Unaudited)	
	Apr to Jun	**Apr to Jun**	Apr to Jun	Jan to Jun
NET LOSS FOR THE PERIOD	**($8,459)**	**($16,726)**	($84,234)	($86,182)
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:				
Exchange differences arising from translation of foreign operations	**(5,561)**	**(11,517)**	(186)	14,396
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:				
Fair value changes on financial assets at FVOCI – net of tax	**52**	**315**	109	203
	(5,509)	**(11,202)**	(77)	14,599
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**($13,968)**	**($27,928)**	($84,311)	($71,583)
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company	**($10,606)**	**($19,973)**	($84,103)	($74,044)
Non-controlling interests	**(3,362)**	**(7,955)**	(208)	2,461
	($13,968)	**($27,928)**	($84,311)	($71,583)

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(In thousands)

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock-Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment (Note 16)	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests (Note 16)	Total
Balances at January 1, 2024	$42,721	$689	$193,778	($2,576)	$89,177	($1,013)	$548	($34,799)	($10,050)	$278,475	$32,110	$310,585
Issued shares during the year	0	(0)	–	–	–	–	–	–	–	–	–	–
Collection from subscriptions	–	–	–	1	–	–	–	–	–	1	–	1
Sale of financial assets	–	–	–	–	97	–	–	–	–	97	–	97
Forfeitures during the year	–	(1)	(14)	15	–	–	–	–	–	–	–	–
	42,721	688	193,764	(2,560)	89,274	(1,013)	548	(34,799)	(10,050)	278,573	32,110	310,683
Net loss	–	–	–	–	(8,771)	–	–	–	–	(8,771)	(7,955)	(16,726)
Other comprehensive income (loss)	–	–	–	–	–	–	315	(10,071)	–	(9,756)	(1,447)	(11,203)
Total comprehensive income (loss)	–	–	–	–	(8,771)	–	315	(10,071)	–	(18,527)	(9,402)	(27,929)
Balances at June 30, 2024	$42,721	$688	$193,764	($2,560)	$85,503	($1,013)	$863	($44,870)	($10,050)	$260,046	$22,708	$282,754

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock-Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment (Note 16)	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests (Note 16)	Total
Balances at January 1, 2023	$42,719	$692	$193,797	($2,620)	$194,803	($1,013)	$33	($43,668)	($7,434)	$377,309	$37,974	$415,283
Issued shares during the year	1	(1)	–	–	–	–	–	–	–	–	–	–
Collection from subscriptions	–	–	–	6	–	–	–	–	–	6	–	6
Forfeitures during the year	–	(1)	(19)	20	–	–	–	–	–	–	–	–
	42,720	690	193,778	(2,594)	194,803	(1,013)	33	(43,668)	(7,434)	377,315	37,974	415,289
Net loss	–	–	–	–	(83,663)	–	–	–	–	(83,663)	(2,519)	(86,182)
Other comprehensive income	–	–	–	–	–	–	203	9,415	–	9,618	4,980	14,598
Total comprehensive income (loss)	–	–	–	–	(83,663)	–	203	9,415	–	(74,045)	2,461	(71,584)
Balances at June 30, 2023	$42,720	$690	$193,778	($2,594)	$111,140	($1,013)	$236	($34,253)	($7,434)	$303,270	$40,435	$343,705

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock-Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment (Note 16)	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests (Note 16)	Total
Balances at January 1, 2023	**$42,719**	**$692**	**$193,797**	**($2,620)**	**$194,803**	**($1,013)**	**$33**	**($43,668)**	**($7,434)**	**$377,309**	**$37,974**	**$415,283**
Issued shares during the year	**2**	**(1)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Collection from subscriptions	**–**	**–**	**–**	**23**	**–**	**–**	**–**	**–**	**–**	**23**	**–**	**23**
Forfeitures during the year	**–**	**(2)**	**(19)**	**21**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	42,721	**689**	**193,778**	**(2,576)**	**194,803**	**(1,013)**	**33**	**(43,668)**	**(7,434)**	**377,332**	**37,974**	**415,306**
Net loss	**–**	**–**	**–**	**–**	**(105,626)**	**–**	**–**	**–**	**–**	**(105,626)**	**(12,644)**	**(118,270)**
Other comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**515**	**8,870**	**(2,616)**	**6,769**	**6,780**	**13,549**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**(105,626)**	**–**	**515**	**8,870**	**(2,616)**	**(98,857)**	**(5,864)**	**(104,721)**
Balances at December 31, 2023	**$42,721**	**$689**	**$193,778**	**($2,576)**	**$89,177**	**($1,013)**	**$548**	**($34,798)**	**($10,050)**	**$278,475**	**$32,110**	**$310,585**

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six months ended June 30	
	2024 (Unaudited)	2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(\$14,187)**	(\$83,354)
Adjustments for:		
Impairment loss on:		
Property, plant and equipment (Note 9)	**1,890**	5,521
Goodwill (Note 18)	**–**	54,791
Inventories (Note 7)	**–**	14,211
Accounts receivable (Note 5)	**–**	8,765
Depreciation of property, plant and equipment (Note 9)	**12,147**	12,619
Interest expense	**9,786**	9,701
Amortization of right-of-use assets (Note 19)	**3,420**	4,162
Unrealized foreign exchange losses	**754**	2,763
Amortization of intangible assets (Note 10)	**634**	1,357
(Gains)/loss on sale of property, plant and equipment (Note 9)	**(142)**	31
Loss on lease modifications	**–**	14
Interest income	**(1,011)**	(267)
Gain on insurance claims	**(7)**	(11)
Operating income before working capital changes	**13,284**	30,303
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Short-term investments	**11,420**	(2,610)
Loans and receivables	**11,755**	(39,577)
Inventories	**28,996**	(20,448)
Other current assets	**3,661**	3,007
Contract asset	**10,525**	2,278
Increase (decrease) in:		
Accounts payable and accrued expenses	**(27,461)**	22,517
Contract liabilities	**545**	(1,725)
Retirement liabilities	**(1,614)**	(857)
Net cash provided by (used in) operations		(7,112)
Income tax paid	**(3,005)**	(2,424)
Interest paid	**(9,216)**	(9,036)
Interest received	**1,011**	267
Net cash provided by (used in) operating activities	**39,901**	(18,305)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment (Note 9)	**(4,783)**	(10,938)
Intangible assets (Note 10)	**(147)**	(192)
Proceeds from sale of property, plant and equipment	**709**	737
(Increase)/decrease in other noncurrent assets	**921**	(111)
Net cash used in investing activities	**(3,300)**	(10,504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loans	**(38,514)**	(3,544)
Availment of loans	**4,570**	22,334
Payments of lease liabilities	**(3,736)**	(5,093)
Refund on subscriptions	**1**	6
Decrease in other noncurrent liabilities	**(365)**	(160)
Net cash provided by (used in) financing activities	**(38,044)**	13,543
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	**(83)**	(1,735)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,526)**	(17,001)
CASH AND CASH EQUIVALENTS AT JANUARY 1	**91,588**	115,824
CASH AND CASH EQUIVALENTS AT JUNE 30	**\$90,062**	\$98,823

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information and Basis of Financial Statement Preparation**

Integrated Micro-Electronics, Inc. (IMI or the Parent Company), a stock corporation organized and registered under the laws of the Republic of the Philippines on August 8, 1980, has four wholly-owned subsidiaries, namely: IMI International (Singapore) Pte. Ltd. (IMI Singapore), IMI USA, Inc. (IMI USA), IMI Japan, Inc. (IMI Japan) and PSi Technologies, Inc. (PSi) (collectively referred to as the Group). The Parent Company is 52.03% owned by AC Industrial Technology Holdings, Inc. (AC Industrials), a wholly-owned subsidiary of Ayala Corporation (AC), a corporation incorporated in the Republic of the Philippines and listed in the Philippine Stock Exchange (PSE). AC is 47.86% owned by Mermac, Inc. (Ultimate Parent Company) and the rest by the public.

The registered office address of the Parent Company is at North Science Avenue, Laguna Technopark- Special Economic Zone (LT-SEZ), Bo. Biñan, Biñan, Laguna.

The Parent Company was listed by way of introduction in the PSE on January 21, 2010. It has completed its follow-on offering and listing of 215,000,000 common shares on December 5, 2014. On March 2, 2018, the Parent Company completed the stock rights offer and listing of 350,000,000 common shares to all eligible stockholders.

The Parent Company is registered with the Philippine Economic Zone Authority (PEZA) as an exporter of printed circuit board assemblies (PCBA), flip chip assemblies, electronic sub-assemblies, box build products and enclosure systems. It also provides the following solutions: product design and development, test and systems development, automation, advanced manufacturing engineering, and power module assembly, among others. It serves diversified markets that include those in the automotive, industrial, medical, storage device, and consumer electronics industries, and non-electronic products (including among others, automobiles, motorcycles, solar panels) or parts, components or materials of non-electronic products, as well as to perform and provide information technology services such as but not limited to data labeling/encoding or image annotation services.

The accompanying unaudited interim condensed consolidated financial statements were approved and authorized for release by the Audit Committee on August 2, 2024.

2. Group Information

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries:

Subsidiary	Percentage of Ownership 2024	2023	Country of Incorporation	Functional Currency
IMI International (Singapore) Pte. Ltd.	**100.00%**	100.00%	Singapore	United States Dollar (USD)
IMI International ROHQ [a]	**100.00%**	100.00%	Philippines	USD
Speedy-Tech Electronics Ltd. (STEL) Group	**100.00%**	100.00%	Singapore	USD
IMI (Chengdu) Ltd. (IMICD)	**100.00%**	100.00%	China	Renminbi (RMB)
IMI Technology (Shenzhen) Co. Ltd. (IMI SZ)	**100.00%**	100.00%	China	USD
IMI Smart Technology (Shenzhen) Co. Ltd.	**100.00%**	100.00%	China	RMB
IMI Innovative Technology (Shenzhen) Co., Ltd.	**100.00%**	100.00%	China	RMB
Speedy-Tech Electronics (HK) Limited (STHK)	**100.00%**	100.00%	Hong Kong	USD
Speedy-Tech Electronics (Jiaxing) Co., Ltd. (STJX)	**100.00%**	100.00%	China	RMB
Speedy-Tech (Philippines), Inc. (STPH) [a]	**100.00%**	100.00%	Philippines	USD
Cooperatief IMI Europe U.A.	**100.00%**	100.00%	Netherlands	Euro (EUR)
Integrated Micro-Electronics Bulgaria EOOD	**100.00%**	100.00%	Bulgaria	EUR
Microenergia EOOD (Microenergia)	**100.00%**	100.00%	Bulgaria	Bulgarian Lev (BGN)
Integrated Micro-Electronics d.o.o. Niš (IMI Serbia)	**100.00%**	100.00%	Serbia	Serbian Dinar (RSD)
Integrated Micro-Electronics Czech Republic s.r.o.	**100.00%**	100.00%	Czech Republic	EUR
Integrated Micro-Electronics Mexico, S.A.P.I. de C.V.	**100.00%**	100.00%	Mexico	USD
IMI France SAS (IMI France)	**100.00%**	100.00%	France	EUR
VIA Optronics AG (VIA)	**50.32%**	50.32%	Germany	EUR
Germaneers GmbH	**100.00%**	100.00%	Germany	EUR
VIA Optronics (Philippines), Inc.	**100.00%**	100.00%	Philippines	PHP
VIA Optronics GmbH (VIA GmbH)	**100.00%**	100.00%	Germany	USD
VIA Optronics Suzhou Co. Ltd. (VIA Suzhou)	**100.00%**	100.00%	China	USD
VIA Optronics LLC (VIA LLC)	**100.00%**	100.00%	USA	USD
VIA Optronics (Taiwan) Ltd	**100.00%**	100.00%	Taiwan	Taiwan Dollar
VTS-Touchsensor Co., Ltd. (VTS)	**65.00%**	65.00%	Japan	Japanese Yen (JPY)
Integrated Micro-Electronics UK Limited (IMI UK)	**100.00%**	100.00%	United Kingdom	British Pounds (GBP)
Surface Technology International Enterprises Ltd (STI) [b]	**–**	–	United Kingdom	GBP
STI Limited	**–**	–	United Kingdom	GBP
STI Philippines Inc. (STIPH)	**–**	–	Philippines	USD
STI Asia Ltd	**–**	–	Hong Kong	Hong Kong Dollar (HKD)
ST Intercept Limited	**–**	–	United Kingdom	GBP
IMI USA	**100.00%**	100.00%	USA	USD
IMI Japan	**100.00%**	100.00%	Japan	JPY
Psi	**100.00%**	100.00%	Philippines	USD
PSiTech Realty, Inc. (PSiTech Realty) [a]	**40.00%**	40.00%	Philippines	USD
Pacsem Realty, Inc. (Pacsem Realty) [a]	**64.00%**	64.00%	Philippines	USD

[a] *In the process of liquidation / dormant*
[b] *STI was sold to a third party on October 31, 2023.*

3. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited interim condensed consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets and liabilities at fair value through profit or loss (FVPL) and financial assets through other comprehensive income (FVOCI). The unaudited interim condensed consolidated financial statements are presented in United States (U.S.) Dollar ($), and all values are rounded to the nearest thousands except when otherwise indicated.

Statement of Compliance

The interim condensed consolidated financial statements as of and for the six months periods ended June 30, 2024 and 2023 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 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, 2023, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The preparation of the financial statements in compliance with 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.

Except as otherwise stated, the significant accounting judgments, estimates and assumptions used in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2023.

Basis of Consolidation
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
b. Exposure, or rights, to variable returns from its involvement with the investee, and
c. The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. The contractual arrangement with the other vote holders of the investee
b. Rights arising from other contractual arrangements
c. The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions. The portion of profit or loss and net assets in subsidiaries not wholly-owned are presented separately in the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from the Parent Company's equity. Non-controlling interests are net of any outstanding subscription receivable.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

In accounting for call and put options over non-controlling interests, management determines whether it has present access to the returns associated with the non-controlling interests. If the options give the Group access to the returns over the non-controlling interests, the Group consolidates the acquiree as if it acquired a 100% interest.

If the options do not give the Group present access to the returns over the non-controlling interests, the Group takes the view that the non-controlling interests should be accounted for in accordance with PFRS 10, *Consolidated Financial Statements,* and must be presented within equity separate from the equity of the Parent Company, until the option is exercised.

The call option is accounted for under PFRS 9, *Financial Instruments,* as a derivative instrument carried at fair value through profit or loss.

The financial liability for the put option is accounted for under PFRS 9 like any other written put option on equity instruments. On initial recognition, the corresponding debit is made to a component of equity attributable to the parent, not to the non-controlling interest. All subsequent changes in the carrying amount of the financial liability that result from the remeasurement of the present value payable on exercise are recognized in profit or loss also attributable to the parent.

If the put option is exercised, the entity accounts for an increase in its ownership interest. At the same time, the entity derecognizes the financial liability and reverses the component of equity that was reduced on initial recognition. If the put option expires unexercised, the financial liability is reclassified to the same component of equity that was reduced on initial recognition.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company. The difference is included as part of additional paid-in capital.

If the Group losses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while the resulting gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial years except for the new PFRS, amended PFRS and improvements to PFRS which were adopted beginning January 1, 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted, and that fact must be disclosed. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 7 and PFRS 7, Disclosures: *Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Cash and Cash Equivalents

This account consists of:

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Cash on hand	**$134**	$73
Cash in banks	**89,928**	91,515
	$90,062	$91,588

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents have maturities of varying periods of up to three months and earn interest at the respective cash equivalents rates.

<u>Short-term Investments</u>
Short-term investments amounting to nil and $11.4 million as of June 30, 2024 and December 31, 2023, respectively, pertain to money market placements made for varying periods of more than three months but less than one year and earn interest ranging from 5.3% to 5.5% per annum.

5. **Receivables – net**

This account consists of:

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Trade	**$246,731**	$260,623
Nontrade	**15,396**	16,591
Due from related parties (Note 20)	**1,471**	1,197
Receivable from employees	**130**	224
Others	**6,166**	6,059
	269,894	284,694
Less:		
Allowance for ECLs	**1,022**	985
	$268,872	$283,709

Trade
Trade receivables arise from manufacturing and other related services for electronic products and components and have credit terms averaging 70a 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 averaging 45 days from invoice date.

Receivable from Employees
Receivable from employees mostly pertain to non-interest bearing short-term loans granted to the Group’s employees which are collectible through salary deduction.

Others
IMI UK provided GBP2,237,500 ($2,827,976) of funding by way of unsecured loan to STIL in order that each Group Company shall be in a position to continue to be able to pay its trade creditors (the Interim Funding). IMI UK also recognized receivable from RCapital equivalent to the cash consideration on the sale amounting to GBP2,237,500 ($2,827,976). For both the interim funding and the consideration, interest shall accrue daily (but shall not compound) at 5% per annum, repayable on the earlier of the date falling: (i) two years after the Completion Date; and (ii) five Business Days after the occurrence of a Trigger Event (the Interim Funding Repayment Date).

Allowance for ECLs
Trade receivables, nontrade receivables, receivable from insurance and receivable from employees with aggregate nominal value of $1.02 million and $0.91 million as of June 30, 2024 and December 31, 2023, respectively, were individually assessed to be impaired and fully provided with allowance for ECL.

Provisions (reversals) for ECL recognized for the six-month period ended June 30, 2024 and 2023 amounted to $0.26 million and ($0.01) million, respectively. Provisions during the period form part of “Operating Expenses” and “Miscellaneous income (losses) account.

In relation to the sale of STI, the Company recognized impairment loss amounting to $8.8 million for the period ended June 30, 2023.

6. **Contract Balances**

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Contract assets	**$41,656**	$52,901
Contract liabilities	**3,293**	2,748

Contract assets are initially recognized for revenue earned from manufacturing of goods as receipt of consideration is conditional on successful completion of the services. When goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customers, the amounts recognized as contract assets are reclassified to trade receivables. Payments are received from customers depending on the credit terms.

For the periods ended June 30, 2024 and 2023, the Group did not recognize a provision for expected credit losses on contract assets.

Contract liabilities includes short-term advances received to render manufacturing services. The increase in contract liabilities was mainly due to increase in advance payments received from new and existing customers during the year.

The Group applied the practical expedient in PFRS 15 on the disclosure of information about the transaction price allocated to remaining performance obligations given the customer contracts have original expected duration of one year or less.

7. **Inventories**

Decrease in inventories mainly due to recoveries of backlog demands and decline in revenue for the period.

Provisions (reversals) for inventory obsolescence recognized for the six-month period ended June 30, 2024 and 2023 amounted to ($0.78) million and $0.91 million, respectively.

In relation to the sale of STI, the Company recognized impairment loss amounting to $14.2 million for the period ended June 30, 2023.

8. **Other Current Assets**

This account consists of:

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Input taxes	**$13,324**	$11,469
Prepayments and deferred charges	**4,850**	5,841
Advances to suppliers	**3,984**	4,185
Tax credits	**2,126**	7,912
Others	**1,938**	989
	$26,222	$30,396

<u>Input Taxes</u>
This account includes input tax expected to be applied against output tax within 12 months from the balance sheet date. Input tax is recognized when an entity in the Group purchases goods or services from a suppler or vendor.

Prepayments and Deferred Charges
Prepayments include prepayments for rent, life and fire insurance and prepaid insurance for product liability and recall and directors and officers (D&O) liability insurance.

Advances to Suppliers
Advances to suppliers represent advance payments made to suppliers for direct materials.

Tax Credits
Tax credits represent recoverable taxes of IMI MX and BG such as VAT refundable and business tax and amounts withheld from income tax payments of the Parent Company and PSi.

9. Property, Plant and Equipment – net

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Property, Plant and Equipment	**$308,194**	$313,362
Less: Accumulated Depreciation	**170,231**	166,703
Accumulated Impairment losses	**9,520**	7,934
Property, Plant and Equipment (Net)	**$128,443**	$138,725

Additions to property, plant and equipment for the six-month period ended June 30, 2024 amounted to $4.78 million comprise mainly of purchases of machinery and equipment for line upgrades and maintenance.

Depreciation expense amounted to $12.15 million and $12.62 million for the six-month period ended June 30, 2024 and 2023, respectively.

The Group recognized gains/(losses) from disposal and retirement of certain machineries and facilities equipment, furniture and fixtures, and tools and instruments for the six-month period ended June 30, 2024 and 2023 amounting to $0.14 million and ($0.03) million, respectively.

The Group recognized impairment losses on certain property, plant and equipment amounting to $1.89 million of mainly idle assets and $5.52 million in relation to the sale of STI for the period ended June 30, 2024 and 2023, respectively.

The Group has no restrictions on its property, plant and equipment and none of these have been pledged as security for its obligations.

10. Intangible Assets – net

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Intangible Assets	**$72,866**	$72,678
Less: Accumulated amortization	**63,370**	63,023
Accumulated impairment losses	**6,187**	6,187
Intangible Assets (Net)	**$3,309**	$3,468

Intangible assets consist of product development costs, intellectual properties, customer relationships, and software licenses.

Product development costs includes capitalized costs arising from the development phase of certain projects which are still undergoing qualification.

The Group's intellectual properties (IPs) relate to the acquisition of VIA and VTS. VIA's intellectual properties pertain to display system optically bonded to a display region and enhanced liquid crystal display system and methods while VTS's IP relates to the transfer of the seller of the technology relevant to run the business.

Software licenses which include computer software, applications and modules has net book value of $2.69 million and $2.96 million as of June 30, 2024 and December 31, 2023, respectively. Additional licenses acquired for the year amounted to $0.15 million.

Amortization for all intangibles amounted to $0.63 million and $1.34 million for the six-month period ended June 30, 2024 and 2023, respectively. No impairment loss was recognized for these intangible assets.

11. Other Noncurrent Assets

This account consists of:

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Deferred charges	**$12,217**	$13,567
Miscellaneous deposits	**2,669**	3,213
Pension asset – net	**213**	219
Others	**252**	442
	$15,351	$17,441

Deferred charges represent tooling items customized based on the specifications of the customers and to be repaid as part of the price of the manufactured items.

Miscellaneous deposits comprise utilities and rent deposits.

12. Accounts Payable and Accrued Expenses

This account consists of:

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Trade payables	**$166,303**	$197,239
Accrued expenses	**36,430**	29,039
Employee-related accruals	**24,050**	22,099
Advances from customers	**14,316**	8,362
Nontrade payables	**13,309**	19,000
Taxes and government-related payable	**2,506**	3,333
Customers' deposits	**1,799**	1,972
Accrued interest payable	**1,605**	1,731
Due to related parties (Note 20)	**53**	682
	$260,371	$283,457

Trade Payables
Trade payables are noninterest-bearing and are normally settled on 30 to 90-day average terms.

Accrued Expenses
Accrued expenses consist mainly of accruals for taxes, supplies, professional fees, utilities, insurance, freight and brokerage, and transaction cost.

Employee-related Accruals
This account consists mainly accrued compensation and benefits including accrued salaries, leave credits and other employee benefits.

Advances from Customers
Advances from customers include financial liabilities pertaining to commercial agreements with certain customers of VIA.

Nontrade Payables
This account consists of obligations related to outsourced manpower, logistics and freight forwarders, professional and service fees and other nontrade related payables. These payables are normally settled on 30 to 60-day terms.

Taxes and government-related payable
Taxes payable pertain to taxes due other than corporate income tax and remittances related to government agencies such as social security and insurance, housing fund and health insurance.

Customers deposits
Customer deposits pertain to advance payment from customers as manufacturing bond.

13. Loans Payable

This account consists of borrowings of the following entities:

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Parent Company	**$141,500**	$157,000
IMI CZ and VIA	**39,781**	37,157
STEL	**140**	15,870
	$181,421	$210,027

Parent Company
As of June 30, 2024 and December 31, 2023, the Parent Company has unsecured short-term loans aggregating to $141.50 million and $157.0 million, respectively, with maturities ranging from 30 to 120 days, and fixed annual interest rates ranging from 6.24% to 7.00% in 2024 and 6.25% to 7.71% in 2023.

IMI CZ and VIA
The loans of VIA were obtained from China and Germany-based banks with terms ranging from 90 to 365 days and interest rates ranging from 2.5% to 3.9% and 3.4% to 3.90% in 2024 and 2023, respectively.

The loans of IMI CZ are clean loans from existing revolving credit facilities with Czech-based bank which bear annual interest based on 1-month EURIBOR or PRIBOR plus 1.20%.

STEL
The loans of STEL are from existing revolving credit facilities with Singapore and China based banks and bear annual interest rate ranging from 3.50% in 2024 and 4.10% to 8.36% in 2023.

14. Long-Term Debt

This account consists of borrowings of the following entities:

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Parent Company	**$134,751**	$141,336
VTS and IMI CZ	**4,923**	5,363
	139,674	146,699
Less current portion:		
Parent Company	**1,100**	5,100
VTS and IMI CZ	**1,556**	1,385
	2,656	6,485
Noncurrent portion	**$137,018**	$140,214

Parent Company

The long-term debts of the Parent Company were obtained from Philippine banks. The long-term debts have terms of three to five years, principal payments payable annually, and remaining balance payable in full at maturity. These are subject to annual interest rate of 3.88% to 4.22% in 2024 and 2023, respectively.

Loan covenants related to the Parent Company's loans as of June 30, 2024 are as follows:

- The ratio of net debt to equity shall not exceed 1.75:1 with reference to the borrower's consolidated financial statements;
- Maintenance of debt service coverage ratio of at least 1.25:1 on the consolidated financial statements;
- Maintenance at all times of a current ratio of at least 1:1 on the consolidated financial statements;

As of June 30, 2024 and December 31, 2023, the Parent Company has complied with all of the above-mentioned loan covenants.

VTS and IMI CZ

VTS and IMI CZ have unsecured long-term loans with Japanese and Czech-based banks that are payable in regular monthly installments both with terms of five years. The VTS and IMI CZ loan has interest rates ranging from 0.80% to 2.31% per annum.

15. Other Current Liabilities

This account consists of provision for onerous contracts amounting to $1.52 million in 2024 and 2023 which arises by obtaining the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received under it. In determining the provision, the Group considers the entire remaining commitment period under the contract, including the remaining revenue to be recognized for unsatisfied, or partially unsatisfied, performance obligations and the remaining costs to fulfil those performance obligations.

16. **Equity**

<u>Dividends</u>
No dividend payment was declared to common shareholders for the six months period ended June 30, 2024 and 2023.

<u>Cumulative Translation Adjustments</u>
This account pertains to cumulative translation adjustments of subsidiaries with functional currency other than the Group's presentation currency (see Note 2). Exchange differences arising from translation of foreign operations for the period June 30, 2024 arose mainly from appreciation of the Euro against the USD.

<u>Capital Management</u>
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 June 30, 2024 and December 31, 2023.

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 bank debt. Net debt is equivalent to the total bank borrowings, less cash and cash equivalents.

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
Trust receipts and loans payable	**$181,421**	$210,027
Long-term bank borrowings	**139,674**	146,698
Total bank debt	**321,095**	356,725
Less cash and cash equivalents	**87,155**	91,588
Net bank debt	**$233,940**	$265,137
Total equity	**282,754**	310,585
Debt-to-equity ratio	**1.14:1**	1.15:1
Net debt-to-equity ratio	**0.83:1**	0.85:1

The Group is not subject to externally-imposed capital requirements.

17. **Earnings per Share**

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company:

	Jun 30, 2024 (Unaudited)	Jun 30, 2024 (Unaudited)
	(In thousands)	
Net loss	**($8,771)**	($83,663)
Weighted average number of common shares outstanding	**2,207,892**	2,207,989
Basic and diluted	**($0.0040)**	($0.038)

As of June 30, 2024 and 2023, the Parent Company has no dilutive potential common shares.

18. **Segment Information**

Management monitors operating results per geographical area for the purpose of making decisions about resource allocation and performance assessment. It evaluates the segment performance based on gross revenue, interest income and expense and net income before and after tax of its major manufacturing sites. The Parent Company and PSi are combined under Philippine segment, STEL Group is categorized under China segment, IMI BG, IMI CZ and IMI Serbia are combined under Europe based on the industry segment and customers served, IMI Mexico is presented under Mexico segment, VIA and STI are combined under Germany/UK segment representing non-wholly owned subsidiaries, IMI USA, IMI Japan, IMI UK and IMI Singapore/ROHQ are combined being the holding and support facilities for strategic management, research and development, engineering development and sales and marketing.

In 2024, VIA was included under the Europe segment.

Prior period information is consistent with the current year basis of segmentation.

The Parent Company and its subsidiaries generally account for inter-segment revenue and transfers as if the revenue and transfers were to third parties at current market prices. These transactions are accounted for in accordance with PFRS.

Intersegment revenues, cost of sales, and operating expenses are eliminated on consolidation.

The amount of segment assets and liabilities are based on measurement principles that are similar with those used in measuring assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS.

The following tables present revenue and profit information regarding the Group's geographical segments per legal entity's parent or main business location for the six-month period ended June 30, 2024 and 2023:

June 30, 2024 (Unaudited)	Philippines	China	Europe	Mexico	Singapore/ USA/Japan/IMI UK	Consolidation and Eliminations	Total
Revenue:							
Third party	$111,571	$104,953	$269,476	$72,284	$7,519	$–	$565,803
Intersegment	5,948	7,658	10,510	1,274	1,700	(27,090)	–
Total revenue	$117,519	$112,611	$279,986	$73,558	$9,219	($27,090)	$565,803
Segment interest income	$2,557	$1,749	$1,364	$–	$1,140	($5,799)	$1,011
Segment interest expense and bank charges	$8,832	$1,414	$2,017	$2,389	$1,451	($6,008)	$10,095
Segment profit (loss) before income tax	($7,139)	$3,011	($3,841)	($5,083)	$4,970	($6,105)	($14,187)
Segment provision for income tax	(757)	(509)	(1,253)	(7)	0	(13)	(2,539)
Segment profit (loss) after income tax	($7,896)	$2,502	($5,094)	($5,090)	$4,970	($6,118)	($16,726)
Net income (loss) attributable to the equity holders of the Parent Company	($7,896)	$2,502	$2,861	($5,090)	$4,970	($6,118)	($8,771)

June 30, 2023 (Unaudited)	Philippines	China	Europe	Mexico	Germany/UK	Singapore/ USA/Japan	Consolidation and Eliminations	Total
Revenue:								
Third party	$135,289	$125,124	$206,906	$78,963	$133,652	$11,959	$–	$691,893
Intersegment	9,812	11,961	7,209	470	–	2,261	(31,713)	–
Total revenue	$145,101	$137,085	$214,115	$79,433	$133,652	$14,220	($31,713)	$691,893
Segment interest income	$1,905	$1,311	$471	$–	$134	$3,479	($7,033)	$267
Segment interest expense and bank charges	($8,296)	($1,551)	($1,142)	($1,718)	($2,432)	($766)	$6,003	($9,902)
Segment profit (loss) before income tax	($1,308)	$5,923	$14,431	($6,334)	($91,678)	$1,587	($5,975)	($83,354)
Segment provision for income tax	(844)	(472)	(1,164)	23	(378)	30	(23)	(2,828)
Segment profit (loss) after income tax	($2,152)	$5,451	$13,267	($6,311)	($92,056)	$1,617	($5,998)	($86,182)
Net income (loss) attributable to the equity holders of the Parent Company	($2,152)	$5,451	$13,267	($6,311)	($89,537)	$1,617	($5,998)	($83,663)

Intersegment revenues, cost of sales, and operating expenses are eliminated on consolidation.

The following table presents segment assets of the Group’s geographical segments as of June 30, 2024 and December 31, 2023:

	Philippines		China	Europe	Mexico	UK	USA/ Japan/ Singapore	Consolidation and Eliminations	Total
	Parent Company	**PSi**							
June 30, 2024 (Unaudited)	**$576,379**	**$4,320**	**$184,855**	**$423,356**	**$121,531**	**$6,037**	**$296,006**	**($701,218)**	**$911,266**
December 31, 2023 (Audited)	$613,005	$3,350	$208,516	$443,816	$129,413	$5,961	$302,487	($711,920)	$994,628

Investments in subsidiaries and intersegment receivables amounting to $448.15 million and $350.03 million as of June 30, 2024, respectively, and $447.58 million and $326.58 million as of December 31, 2023, respectively are eliminated in consolidation.

Goodwill acquired through business combinations recognized at consolidated level had been allocated to the following CGUs:

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
STEL	**$38,225**	$38,225
VIA	**28,835**	30,355
Parent Company	**1,098**	1,098
IMI CZ	**486**	503
	$68,644	$70,181

In relation to the sale of STI, the Company recognized impairment loss of $54.8 Million for the period ended June 30, 2023.

<u>Revenue from Contracts with Customers</u>

Revenues from contracts with customers are further disaggregated by type, customer’s nationality, market segment and timing of revenue recognition, as management believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following table presents revenue by type:

	Jun 30, 2024 (Unaudited)	Jun 30, 2023 (Unaudited)
	(In thousands)	
Manufacturing of goods	**$564,846**	$688,599
Non-recurring engineering services	**957**	3,294
Revenue from contracts with customers	**$565,803**	$691,893

The following table presents revenue from contracts with customer per timing of revenue recognition for each reportable segments:

	Jun 30, 2024 (Unaudited)		
	Revenue recognized over time	Revenue recognized at point in time	Total
		(In thousands)	
Philippines			
Parent Company	**$108,478**	**$–**	**$108,478**
(Forward)			

	Jun 30, 2024 (Unaudited)		
	Revenue recognized over time	Revenue recognized at point in time	Total
PSi	**3,093**	**–**	**3,093**
China	**104,605**	**348**	**104,953**
Mexico	**72,004**	**280**	**72,284**
Europe	**269,147**	**329**	**269,476**
USA/Japan/Singapore	**–**	**7,519**	**7,519**
Revenue from contracts with customers	**$557,327**	**$8,476**	**$565,803**

	Jun 30, 2023 (Unaudited)		
	Revenue recognized over time	Revenue recognized at point in time	Total
		(In thousands)	
Philippines			
Parent Company	$132,801	$–	$132,801
PSi	2,488	–	2,488
China	123,115	2,009	125,124
Europe	206,757	149	206,906
Mexico	77,827	1,136	78,963
Germany/UK	46,982	86,670	133,652
USA/Japan/Singapore	–	11,959	11,959
Revenue from contracts with customers	$589,970	$101,923	$691,893

The following table presents revenues from external customers based on customer's nationality:

	Jun 30, 2024 (Unaudited)	Jun 30, 2023 (Unaudited)
	(In thousands)	
Europe	**$421,538**	$475,016
America	**58,668**	98,012
Japan	**29,458**	29,386
Asia/Others	**56,139**	89,479
	$565,803	$691,893

Revenues are attributed to countries on the basis of the customer's location. The current top customer accounts for 15% and 12% of the Group's total revenue for the six-month period ended June 30, 2024 and 2023, respectively.

The following table presents revenues per market segment:

	Jun 30, 2024 (Unaudited)	Jun 30, 2023 (Unaudited)
	(In thousands)	
Automotive	**$397,349**	$401,028
Industrial	**140,511**	209,541
Medical	**11,833**	12,281
Multiple markets / Others	**5,792**	10,368
Telecom	**5,665**	15,441
Consumer	**4,653**	19,848
Aerospace	**–**	23,386
	$565,803	$691,893

19. **Lease Commitments**

Set out below are the carrying amounts of the Group's right-of-use assets presented under non-current assets, and the movements during the period:

	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
At beginning of period	**$19,473**	$19,266
Additions	**10,087**	12,595
Deductions	**(994)**	(1,314)
Amortization expense	**(3,420)**	(8,890)
Loss on lease modifications	**–**	(41)
Disposal through subsidiary sold	**–**	(2,854)
Cumulative translation adjustment	**(265)**	711
As end of period	**$24,881**	$19,473

Set out below are the carrying amounts of the Group's lease liabilities and the movements during the period:

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	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
	(In thousands)	
At beginning of period	**$21,989**	$19,938
Additions/deduction	**9,088**	12,595
Interest expense on lease liabilities	**696**	1,395
Rental payments	**(3,736)**	(9,822)
Waived rentals	**–**	(41)
Disposal through subsidiary sold	**–**	(3,345)
Cumulative translation adjustment	**(296)**	1,269
At end of period	**$27,741**	$21,989
Current	**$4,992**	$8,266
Noncurrent	**$22,749**	$13,723

The following are the amounts recognized in consolidated statements of income:

	Jun 30, 2024 (Unaudited)	Jun 30, 2023 (Unaudited)
	(In thousands)	
Amortization expense of right-of-use assets	**$3,420**	$4,162
Interest expense on lease liabilities	**696**	663
Expense related to short-term leases and low-value assets (included in cost of sales)	**1,061**	770
	$5,177	$5,595

The Group's lease agreements have terms of fixed payments and there are no variable payment provisions.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

20. 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.

The Group, in its regular conduct of business, has entered into transactions with subsidiaries, affiliate, and other related parties principally consisting of advances, loans and reimbursement of expenses. Sales and purchases of goods and services as well as other income and expenses to and from related parties are made at normal commercial prices and terms.

Terms and Conditions of Transactions with Related Parties
The Group has a Related Party Transactions (RPT) Committee that evaluates and governs related party transactions. Prior to finalization of any related party agreement, the management shall report for review and approval to the RPT Committee all new and proposed significant related party transaction above the threshold set by the RPT Committee.

Outstanding balances at year-end are unsecured and settlement occurs in cash unless otherwise stated. For the six months period ended June 30, 2024 and 2023, the Group has not recorded any impairment on 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, a related party

   As of June 30, 2024 and December 31, 2023, the Group maintains current and savings accounts with BPI amounting to $1.34 million and $0.97 million, respectively.

   Total interest income earned from investments with BPI amounted to $1.51K and $0.50K for the six-month period ended Jun 30, 2024 and 2023, respectively.

b. Outstanding balances from/to related parties follow:

	Receivables/Deposits		Payables	
	Jun 30 2024 (Unaudited)	Dec 31, 2023 (Audited)	**Jun 30 2024 (Unaudited)**	Dec 31, 2023 (Audited)
	(In thousands)			
Immediate Parent:				
AC Industrials Technology Inc. (AC Industrials)	**$–**	$–	**$–**	$47
Intermediate Parent:				
Ayala Corporation (AC)	**–**	–	**–**	597
Entities Under Common Control:				
KTM Asia Motorcycle Manufacturing Inc. (KAMMI)	**1,180**	988	**–**	–
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	**267**	209	**–**	–
Ayala International Holdings Ltd. (AIHL)	**23**	–	**–**	–
Innove Communication Inc. (ICI)	**–**	–	**14**	13
HMC, Inc. (HMCI)	**–**	–	**31**	18
BPI	**–**	–	**6**	7
GTI	**–**	–	**1**	–
Ayala Greenfield	**–**	–	**1**	–
	$1,470	$1,197	**$53**	$682

i. Transaction with AC, ACI and AIHL pertains to management fee on corporate and support services.

ii. Transaction with MSTPI and KAMMI pertains to trade related receivables.

iii. Payables to ICI pertain to billings for software and WiFi connections. These are due and demandable.

iv. Payables to BPI pertains to employee related transactions.

v. Payable to HMCI pertain to provision of health services.

vi. Payable to GTI pertains to billings for cellphone charges and WiFi connections.

vii. Payable to Ayala Greenfield pertains to monthly dues and golf tournaments.

c. Revenue/income and expenses from related parties follow:

	Revenue/Income		Expenses	
	Jun 30, 2024 (Unaudited)	Jun 30, 2023 (Unaudited)	**Jun 30, 2024 (Unaudited)**	Jun 30, 2023 (Unaudited)
	(In thousands)			
Intermediate Parent:				
AC	**$–**	$–	**$20**	$21
Entities Under Common Control:				
KAMMI	**1,036**	1,326	**–**	–
MSTPI	**59**	65	**–**	–
BPI	**2**	–	**–**	21
AREIT, Inc. (AREIT)	**–**	–	**758**	741
Laguna AAAWater Corp. (LAWC)	**–**	–	**425**	607
Innove Communication, Inc. (ICI)	**–**	–	**58**	75
GTI	**–**	–	**53**	47
Ayala Group Legal (AG Legal)	**–**	–	**15**	4
HMC, Inc. (HMCI)	–	–	**106**	–
Ayala Greenfield	**–**	–	**1**	–
	$1,097	$1,391	**$1,436**	$1,516

Revenue/income from its related parties pertains to the following transactions:

i. Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.

ii. Interest income earned from investments and gain on foreign currency forwards with BPI.

Expenses incurred from related party transactions include:

i. Administrative services charged by AC related to certain transactions.

ii. Rental expense from the lease contract between the Parent Company and AREIT (Formerly with TLI).

iii. Water allocation charged by LAWC

iv. Billings for cellphone charges and WiFi connections with GTI.

v. Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.

vi. Health services from HMCI.

vii. Staff house rent expenses paid with BPI.

viii. Monthly dues and tournament fees with Ayala Greenfield.

d. Revenue and expenses eliminated at the Group level follow:

i. Intercompany revenues mainly pertain to billings of IMI USA and IMI Japan to IMI Singapore, trade related transactions from certain customers and interest income of the Parent Company, IMI Singapore and STSN for loans granted to Psi, IMI MX, STI and CZ.

ii. Expenses incurred from related party transactions include interest expense of PSi, IMI MX, STI and IMI CZ from loans granted by the Parent Company, IMI Singapore and STSN and trade related transactions from certain customers.

Guarantees and Commitments

IMI BG has agreed to provide continuing operational, investment and financial assistance to the facilities of C-Con GmbH (“C-Con”), a related party and an entity under common control of AC Industrials, for C-Con will duly and timely perform all required obligations under contracts to be entered into with a particular customer. In case of C-Con’s failure to perform its contractual obligations under the contract including but not limited to failure to perform due to C-Con’s insolvency (“Breach”), IMI BG will indemnify and hold harmless the customer from any and all costs, liabilities, damages, losses, and reasonable amount of actually-incurred out of pocket expenses (including court costs and legal expenses) of the customer occasioned by or arising from such Breach. As consideration for extending said guarantee, IMI BG will be charging C-Con a guarantee fee equivalent to two (2%) of the revenue for the projects won using or relying upon IMI BG’s guarantee. Additionally, IMI BG’s guarantee to C-Con is backstopped by AC Industrials (Singapore) Pte. Ltd., another related party of IMI BG. The specific project for which the guarantee was issued never materialized and the guarantee has not taken into effect to date. C-Con ceased to be a related party after the divestment by AC Industrials on August 18, 2023.

21. Fair Values of Financial Instruments

Fair Values of Financial Assets and Financial Liabilities where the Carrying Amounts Approximate Fair Values

Financial assets and financial liabilities that are liquid or are short-term in nature which consist of cash, receivables, accounts payables and accrued expenses, with maturity of less than one year, are assumed to have carrying amounts approximating their fair values.

Below are the fair values of financial assets and financial liabilities that are either carried at fair value or where the carrying amounts do not approximate fair values as of June 30, 2024 and December 31, 2023:

	Carrying Amounts		Fair Values	
	Jun 30, 2024	Dec 31, 2023	**Jun 30, 2024**	Dec 31, 2023
	(In thousands)			
Financial assets:				
Financial assets at FVOCI	**$2,541**	$2,364	**$2,541**	$2,364
Financial liabilities:				
Noncurrent portion of long-term debt	**$137,018**	$140,214	**$141,990**	$144,909

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Financial assets at FVOCI pertain to investments in club shares. Fair value is based on quoted prices.

Noncurrent portion of long-term debt – The fair value of long-term debt is estimated by using the discounted cash flow method using the current incremental borrowing rates for similar borrowings, with maturities consistent with those remaining for the liability being valued. The discount rates used for 2024 and 2023 ranged from 1.05% to 4.99%.

Fair Value Hierarchy

The following tables provide the fair value hierarchy of the Group's assets and liabilities:

	June 30, 2024			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets measured at fair value:				
Financial assets at FVOCI	**$–**	**$2,541**	**$–**	**$2,541**
Liabilities for which fair values are disclosed:				
Long-term debt	**$–**	**$–**	**$141,990**	**$141,990**

	December 31, 2022			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets measured at fair value:				
Financial assets at FVOCI	$–	$2,364	$–	$2,364
Liabilities for which fair values are disclosed:				
Long-term debt	$–	$–	$144,909	$144,909

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

22. 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, 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 short-term and 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) for the years ended June 30, 2024 and 2023. There is no other impact on the Group's equity other than those already affecting income.

	Effect on Net Income before Tax	
Increase/Decrease in Basis Points	**Jun 30, 2024 (Unaudited)**	Jun 30, 2023 (Unaudited)
+100	**($1,466)**	($1,637)
-100	**1,466**	1,637

The following table shows the information about the Group's debt as of June 30, 2024 and 2023 that are exposed to interest rate risk presented by maturity profile:

	Jun 30, 2024 (Unaudited)	Jun 30, 2023 (Unaudited)
Within one year	**$183,375**	$210,642
One to five years	**109,767**	116,661
	$293,142	$327,303

Liquidity Risk

Liquidity risk is the risk that the Group 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-term 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 its 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 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 as of June 30, 2024 and December 31, 2023 is the carrying amounts of the financial assets. The Group's maximum exposure for cash and cash equivalents excludes the carrying amount of cash on hand.

The Group has 36% and 24% of trade receivables relating to three major customers as of June 30, 2024 and December 31, 2023, respectively.

As of June 30, 2024 and December 31, 2023, the aging analysis of trade receivables follows:

			Past due but not impaired				
	Total	**Current**	**<30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**
June 30, 2024 (Unaudited)	**$246,731**	**$204,290**	**$24,275**	**$5,583**	**$3,896**	**$1,345**	**$7,342**
December 31, 2023 (Audited)	$260,623	$206,110	$29,532	$8,138	$4,956	$1,143	$10,744

Foreign Currency Risk
The Group's foreign exchange risk results primarily from movements of the functional currency of each legal entity against other currencies. As a result of significant transactions denominated in RMB, PHP and EUR the consolidated statements of income can be affected significantly by movements in the USD versus these currencies. In 2024 and 2023, the Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

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 hedging any material exposure where appropriate.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their USD equivalent follows: (In Thousands)

Philippine Peso (₱)

	Jun 30, 2024 (Unaudited)		Dec 31, 2023 (Audited)	
	In USD	**In PHP**	In USD	In PHP
Cash and cash equivalents	**$3,729**	**₱218,575**	$1,004	₱55,624
Receivables	**2,607**	**152,781**	1,345	74,498
Miscellaneous deposits	**623**	**36,488**	656	36,312
Accounts payable and accrued expenses	**(9,772)**	**(572,713)**	(10,404)	(576,061)
Net retirement liabilities	**(10,146)**	**(594,680)**	(11,814)	(654,170)
Net foreign currency-denominated liabilities	**($12,959)**	**(₱759,549)**	($19,213)	(₱1,063,797)

Euro (€)

	Jun 30, 2024 (Unaudited)		Dec 31, 2023 (Audited)	
	In USD	**In EUR**	In USD	In EUR
Cash and cash equivalents	**$9,658**	**€9,029**	$1,922	€1,737
Receivables	**27,863**	**26,050**	24,355	22,017
Accounts payable and accrued expenses	**(38,149)**	**(35,666)**	(33,141)	(29,960)
Net foreign currency-denominated assets	**($628)**	**(€587)**	($6,864)	(€6,206)

Renminbi (RMB)

	Jun 30, 2024 (Unaudited)		Dec 31, 2023 (Audited)	
	In USD	**In RMB**	In USD	In RMB
Cash and cash equivalents	**$654**	**RMB 4,667**	$1,948	RMB 13,796
Receivables	**7,286**	**51,927**	9,389	66,502
Accounts payable and accrued expenses	**(8,917)**	**(63,552)**	(9,889)	(70,040)
Net foreign currency-denominated assets	**($977)**	**(RMB 6,958)**	($1,448)	RMB 10,258

Information on the Group's USD-denominated monetary assets and liabilities of the Parent Company's subsidiaries with functional currencies other than USD and which is also affected by movements of USD compared with their respective functional currencies as at June 30, 2024 and December 31, 2023 follows:

	Jun 30, 2024 (Unaudited)			
	In USD	**In EUR***	**In RMB***	**In GBP***
Cash and cash equivalents	**$27,079**	**€24,686**	**RMB 4,806**	**£–**
Receivables	**25,091**	**15,447**	**61,062**	**–**
Accounts payable and accrued expenses	**(34,318)**	**(17,893)**	**(86,690)**	**(2,385)**

Net foreign currency-denominated assets	**$17,852**	**€22,240**	**(RMB20,822)**	**(£2,385)**

**The USD-denominated monetary assets and liabilities are translated using EUR0.9349 for $1, RMB7.127 for $1 and GBP0.7912 for $1.*

	December 31, 2023 (Audited)			
	In USD	**In EUR***	**In RMB***	**In GBP***
Cash and cash equivalents	$41,540	€35,078	RMB19,385	£–
Receivables	11,771	3,012	59,764	–
Accounts payable and accrued expenses	(43,237)	(21,149)	(119,701)	(2,308)
Net foreign currency-denominated assets	$10,074	€16,941	(RMB40,552)	(£2,308)

**The USD-denominated monetary assets and liabilities are translated using EUR 0.9040 for $1, RMB7,0827 for $1 and GBP0.7849 for $1.*

Sensitivity Analysis
The following tables demonstrate sensitivity to a reasonably possible change in the USD 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 June 30, 2024 and 2023. The reasonably possible change was computed based on one year average historical movement of exchange rates between the USD and other currencies.

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

		Effect on Net Income before Tax	
Currency	Increase/Decrease in USD Rate	**Jun 30, 2024 (Unaudited)**	Jun 30, 2023 (Unaudited)
PHP	+1%	**$172**	$79
	-1%	**(172)**	(79)
EUR	+1%	**(7)**	(2)
	-1%	**7**	2
RMB	+1%	**(9)**	(1)
	1%	**9**	1

23. Contingencies

The Group is a party to legal proceedings arising in the ordinary course of its operations. Certain employees have filed illegal dismissal cases before the National Labor Relations Commission against IMI when the latter terminated their services due to violation of company rules and regulations such as acts of dishonesty, and excessive unauthorized absences. These cases are at various stages including appeal.

24. Notes to Consolidated Statement of Cash Flows

The following table shows the reconciliation of liabilities arising from financing activities:

		Cash Flows		Non-cash changes						
	Dec 31, 2023 (Audited)	Availment/ Collection	Settlement/ Payment	Reclass	Addition/ Reduction	Accretion of interest expense	Forfeitures	Waved Rentals	Foreign currency translation	**Jun 30, 2024 (Unaudited)**
Loans and trust receipts payable	$210,027	$4,124	($31,230)	$–	$–	$–	$–	$–	($1,500)	**$181,421**
Current portion of long-term debt	6,485	–	(4,700)	926	–	–	–	–	(55)	**2,656**
Long-term debt	140,214	446	(2,584)	(926)	–	–	–	–	(132)	**137,018**
Lease liabilities	21,989	–	(3,736)	–	9,088	696	–	–	(296)	**27,741**
Other noncurrent liabilities	5,744	–	(365)	–	–	–	–	–	(643)	**4,502**
Subscriptions receivable	(2,576)	1	–	–	–	–	15	–	–	**(2,560)**
	$378,420	$4,571	($42,615)	$–	$9,088	$696	$15	$–	($2,626.00)	**$350,778**

Most of the loans are from existing revolving credit lines.

25. **Events after the Balance Sheet Date**

VIA Voluntary Delisting and Deregistration of its American Depositary Shares
VIA announced on April 9, 2024 its intention to voluntarily delist its American Depository Shares (“ADSs”) from the New York Stock Exchange (“NYSE”), terminate its registration with the U.S. Securities and Exchange Commission (“US SEC”), and terminate its ADS program.

VIA notified the NYSE on April 9, 2024 of its intent to voluntarily delist its ADSs from the NYSE, pursuant to a resolution adopted by its Supervisory Board. VIA has also notified The Bank of New York Mellon (which acts as depositary under the ADS program) of the termination of the ADS program.

Subsequently, VIA filed Form 15 or Certification and Notice of Termination of Registration under Section 12(g) of the Securities Change Act of 1934 on April 29, 2024. The deregistration is effective after 90 days from filing Form 15.

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

	For the six months ended 30 June	
	2024	**2023**
	(in US$ thousands, except Basic EPS)	
Revenues from Sales and Services	**$565,803**	$691,893
Cost of Goods Sold and Services	**517,792**	629,481
Gross Profit	**48,011**	62,412
Net Income Attributable to Equity Holders of the Parent Company	**(8,771)**	(83,663)
EBITDA[i]	**12,093**	27,621
Basic Earnings per Share (EPS)	**($0.0040)**	($0.0379)

Revenues from Sales and Services

The Company reports group revenues of US$566 million for the first half of 2024, reflecting an 18% decline compared to the same period last year. This decrease is partly attributed to the divestment of STI, which was still part of the group in early 2023.

Market softness in the industrial sector has affected IMI's Philippine operations, with reduced demand from end markets delaying launches of new models as customers continues to trim down existing inventory levels. In response, IMI continues to optimize its customer portfolio by reducing involvement in lower-margin projects, aiming to enhance profitability and focus on higher-value opportunities within its pipeline.

Gross Profit and Gross Profit Margin

The company's gross margin sits at 8.5%, with a total gross profit of US$ 48.0 million for the first half. 23% lower than last year mainly contributed by decline in revenue. The company has rightsizing initiatives to help mitigate revenue declines as corporate structures are realigned with current business dynamics.

Net loss Attributable to Parent

While the wholly-owned subsidiaries have remained net positive, non-core activities continue to face challenges for the period. The company reported a net loss for the group US$8.8 million in the first half of 2024.

[i] EBITDA = EBITDA represents net operating income/loss after adding depreciation and amortization (including amortization of right-of-use assets in accordance with PFRS 16, *Leases),* other non-cash items, interest income 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 rationalization activities have mitigated the drop in revenues to maintain IMI core operating margin at 2.2%.

EBITDA

EBITDA at $12.09 million lower by US$15.53 million or 56% compared to last year mainly affected by the decrease in revenues.

Financial Condition

We remain resolutely committed to our disciplined approach to capital allocation and to maintaining a robust balance sheet. As of June 30 2024, current ratio stood at 1.46:1 and debt-to-equity ratio was 1.14:1.

On cash flows and liquidity, the slowdown of global demand causing push out of orders prompted the Company to improve its loading and execution to best position the business for changing market conditions. The Company currently focuses on improving operating cash flows which resulted to a positive cash flow from operating activities of $39.9 million for the first half compared to last year's net cash used in operating activities of $18.30 million. This enabled us to pay some loans amounting to $38.5 million during the first half of the year. We continue to invest on critical capital expenditure for the new programs that we have won and to upgrade existing machines. Capital expenditures amounted to $4.9 million in the six months of 2024 versus $11.1 million in the same period last year. For the full year of 2024, the Company expects to spend ~$15 to $20 million on capital expenditures for existing operations and new expansion projects.

Key Performance Indicators of the Company

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

	As of end	
	Jun 30, 2024	**Dec 31, 2023**
Performance indicators		
Liquidity:		
Current ratio[a]	1.46x	1.44x
Solvency:		
Debt-to-equity ratio[b]	1.14x	1.15x

	For the six months ended 30 Jun	
	2024	**2023**
Operating efficiency:		
Revenue growth/decline[c]	-18%	0.2%
Profitability:		
Gross profit margin[d]	8.5%	9.0%
Net income margin[e]	-1.6%	-12.1%
Return on equity[f]	-3.3%	-24.6%
Return on assets[h]	-1.0%	-7.8%
[ii]EBITDA margin	2.1%	4.0%

[ii] EBITDA Margin = *EBITDA divided by revenues from sales and services where EBITDA represents net operating income after adding depreciation and amortization (including amortization of right-of-use assets in accordance with PFRS 16, Leases), other non-cash items, interest income 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*

[a] *Current assets/current liabilities*
[b] *Bank debts/Equity attributable to equity holders of the Parent Company*
[c] *(Current year less previous year revenue)/Previous year revenue*
[d] *Gross profit/Revenues*
[e] *Net income attributable to equity holders of the Parent Company/Revenues*
[f] *Net income attributable to equity holders of the Parent Company/Average equity attributable to Parent*
[g] *Net income attributable to equity holders of the Parent Company/Average common equity attributable to Parent*
[h] *Net income attributable to equity holders of the Parent Company/Total Assets*

In the above:

(i) The risk of effects of further and extended period of pandemic and impact of component shortage and geopolitical issues after the reporting period may cause uncertainties that may impact the Company's liquidity. The Company is continuously monitoring its liquidity and solvency position.

(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) The effects of further and extended period of pandemic and impact of component shortage and geopolitical issues after the reporting period may pose risks and unfavorable impact to the Company but will not materially affect the Company's ability to continue as going concern.

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

(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
(six months ended 30 June 2024 versus 30 June 2023)

18% decrease in Revenue ($691.9M to $565.8M)
Partly due to the divestment of STI which was still contributing revenues to the company last year, and the market softness in the industrial sector has affected IMI's Philippine operations, with reduced demand from end markets delaying customer launches of new models as the supply chain continues to trim down existing inventory levels.

18% decrease in Cost of sales ($629.5M to $517.8M)
Decrease related to decrease in revenue.

279% increase in interest income ($0.3M to $1.0M)
Increase was related to income from short term investments.

21% decrease in Foreign exchange losses ($1.8M to $1.4M)

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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.

Driven by depreciation of USD against EUR on USD net liability position for EUR functional currency entities.

100% decrease in Miscellaneous income (losses) ($82.9M to $0.02M)
Due to impairment loss recognized in 2023 related to the sale of STI amounting to ~$84 million.

10% decrease in Provision for Tax ($2.8M to $2.5M)
Decrease was due to lower taxable income from Europe sites.

Balance Sheet items
(30 June 2024 versus 31 December 2023)

5% decrease in Cash and cash equivalents ($91.6M to $87.2M)
Decrease in cash mainly attributable to payment of loans and trade payables.

100% decrease in Short-term investments ($11.4M to $nil)
Decrease mainly due to maturity of short-term investments.

5% decrease in Receivables ($283.7M to $268.9M)
Decrease mainly due to collection of trade receivables.

12% decrease in Inventories ($269.3M to $238.3M)
Mainly due to inventory depletion from recoveries of backlogs and buyback claims from customers.

21% decrease in Contract Asset ($52.9M to $41.6M)
Decrease in the level of finished goods and work in process inventories as they are being converted to revenues

14% decrease in Other Current Assets ($30.4M to $26.2M)
Decrease mainly due to usage of tax credits and prepayments and deferred charges.

7% decrease in Property, plant and equipment ($138.7M to $128.4M)
Decrease was mainly due depreciation and recognition of impairment of certain assets during the period.

28% increase in Right-of-use assets ($19.5M to $24.9M)
Increase was mainly due to additional leased assets during the period.

19% decrease in Deferred tax assets ($3.6M to $3.0M)
Decrease was due to tax adjustment during the period.

12% decrease in Other noncurrent assets ($17.4M to $15.4M)
Decrease was mainly due to decline in deferred charges.

8% decrease in Accounts payable and accrued expenses ($283.5M to $260.4M)
Payment of trade payables.

20% increase in Contract liabilities ($2.7M to $3.3M)
Mainly due to increase in advance payments received from new and existing customers during the period.

14% decrease in Loans payable ($210.0M to $181.4M)
Payment of short-term loans.

59% decrease in Current portion of Long-term debt ($6.5M to $2.7M)
Payment of current portion of long-term debt.

40% decrease in Current portion of Lease liabilities ($8.3M to $5.0M)
Payment of lease liabilities in 2024 and some reclassifications from non-current portion.

19% decrease in Net retirement liabilities ($8.8M to $7.1M)
Decrease due to payment of retirement expenses related to the company's rightsizing initiatives.

66% increase in Noncurrent portion of Lease liabilities ($13.7M to $22.7M)
Additional lease liabilities in 2024.

21% decrease in Other noncurrent liabilities ($5.7M to $4.6M)
Decrease mainly on long-term employee benefits.

29% increase in Cumulative translation adjustments (-$34.8M to -$44.9M)
Arising from translation of management accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. The significant movement is due to depreciation of EUR against USD from 1.11 to 1.07, and RMB against USD from 7.08 to 7.13.

29% decrease in Equity attributable to NCI ($32.1M to $22.7M)
Decrease due to the minority share in the loss of non-wholly owned subsidiaries.

EXHIBIT 1
FINANCIAL RATIOS
For the Period Ended June 30, 2024 and 2023 and December 31, 2023

Ratios	Formula	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
(i) Current ratio	Current assets / Current Liabilities	**1.46**	**1.43**	1.44
(ii) Quick / Acid ratio	Current assets less inventories, contract assets and other current assets/Current liabilities	**0.79**	**0.78**	0.75
(iii) Solvency ratio	Total Assets / Total Liabilities	**1.45**	**1.47**	1.45
(iv) Debt ratio	Total Debt / Total Assets	**0.35**	**0.34**	0.36
(v) Debt-to-Equity ratio	Bank debts (loans and trust receipts payable and long-term debt) / Total Equity	**1.14**	**1.05**	1.15
(vi) Assets-to-Equity ratio	Total Assets / Total Equity	**3.22**	**3.12**	3.20
(vii) Interest rate coverage ratio	Earnings before interest and taxes / Interest Expense	**-0.51**	**-7.45**	
(viii) Profitability ratios				
GP margin	Gross Profit / Revenues	**8.5%**	**9.0%**	
Net profit margin	Net Income after Tax / Revenues	**-1.6%**	**-12.1%**	
EBITDA margin	EBITDA / Revenues	**2.1%**	**4.0%**	
Return on assets	Net Income after Tax / Total Asset	**-1.0%**	**-7.8%**	
Return on equity	Net Income after Tax / Average equity attributable to parent	**-3.3%**	**-24.6%**	

	(in US$'000)		
	Jun 30, 2024	**Jun 30, 2023**	**Dec 31, 2023**
Current Assets	665,132	801,130	739,327
Current Liabilities	456,064	559,718	514,520
Total Assets	909,176	1,071,736	994,628
Bank Debts	321,095	362,526	356,445
Total Liabilities	628,512	728,030	684,042
Total Equity	282,754	343,706	310,585
Average equity Attributable to parent	269,260	340,290	327,892
Revenues	565,803	691,893	
Gross Profit	48,011	62,412	
Net income attributable to equity holders of the parent	(8,771)	(83,663)	
Earnings before interest and taxes	(5,103)	(73,719)	
Interest expense	10,095	9,902	
EBITDA	12,093	27,621	

PART II--OTHER INFORMATION

1. At the Regular Annual Stockholders' meeting held on April 25, 2024 the stockholders considered and approved the following:

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

  Alberto M. de Larrazabal (Chairman of the Board)
  Jerome S. Tan
  Rafael C. Romualdez
  Jose Ignacio A. Carlos
  Jaime Z. Urquijo
  Roland Joseph L. Duchâtelet
  Mark Robert H. Uy
  Ginaflor C. Oris
  Sherisa P. Nuesa (Independent Director)
  Jesse O. Ang (Independent Director)
  Hiroshi Nishimura (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:

- Chairpersons and the Member of the Board Committees:

Executive Committee
Alberto M. de Larrazabal – Chairman
Rafael C. Romualdez – Member
Roland Joseph L. Duchâtelet – Member

Audit and Risk Committee
Jesse O. Ang – Chairman
Rafael C. Romualdez – Member
Hiroshi Nishimura – Member (Independent Director)

Corporate Governance and Nomination Committee
Sherisa P. Nuesa – Chairman (Independent Director)
Hiroshi Nishimura – Member (Independent Director)
Jesse O. Ang – Member (Independent Director)

Personnel and Compensation Committee
Sherisa P. Nuesa – Chairman (Independent Director)
Jaime Z. Urquijo – Member
Jose Ignacio A. Carlos – Member

Finance Committee
Jaime Z. Urquijo – Chairman
Alberto M. de Larrazabal – Member
Rafael C. Romualdez – Member

Proxy Validation Committee
Maria Franchette M. Acosta – Chairman
Laurice S. Dela Cruz – Member
Neilson C. Esguerra – Member

Related Party Transaction Committee
Hiroshi Nishimura – Chairman (Independent Director)
Rafael C. Romualdez – Member
Jesse O. Ang – Member (Independent Director)
Alberto M. de Larrazabal – Member

- Mr. Jesse O. Ang as our lead independent director;

- The officers under our By-Laws and Manual of Corporate Governance:

Louis Sylvester Hughes	-	Chief Executive Officer
Jerome S. Tan	-	President
Robert William Heese	-	Chief Finance Officer and Compliance Officer
Eric De Candido	-	Chief Operations Officer
Ernest Ang	-	Chief Procurement Officer
Mary Ann S. Natividad	-	Chief Commercial Officer
Laurice S. Dela Cruz	-	Vice President, Finance and Corporate Controller, Deputy Compliance Officer, Acting Chief Risk Officer and Acting Chief Sustainability Officer
Rosalyn O. Tesoro	-	Chief Information Officer and Data Protection Officer
Margarita V. del Rosario	-	Chief Human Resources Officer
Nick Davey	-	Technology Officer Business Head
Anthony Raymond P. Rodriguez	-	Treasurer
Maria Franchette M. Acosta	-	Corporate Secretary
Rosario Carmela G. Austria	-	Assistant Corporate Secretary

3. At the special board meeting held last June 19, 2024, the board approved the discontinuance of employment of Messrs. Nicholas John Davey and Ernest Ang, IMI's Technology Business Head and Chief Procurement Officer, respectively, effective September 30, 2024, and the reassignment of Ms. Mary Ann S. Natividad, IMI's Chief Commercial Officer, as Advisor to the CEO and Chairman, effective July 1, 2024, as part of our management reorganization.

4. At the regular board meeting held last June 20, 2024, the board approved, as endorsed by the Board's Corporate Governance and Nomination Committee, the election of Messrs. Louis Sylvester Hughes and Gilles Bernard as the Company's directors to serve the unexpired term of Mr. Mark Robert H. Uy and Ms. Ginaflor C. Oris.

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:

ROBERT WILLIAM HEESE
Chief Finance Officer and Compliance Officer

Date: August 9, 2024

LAURICE S. DELA CRUZ
Vice President, Finance and Corporate Controller, Deputy Compliance Officer

Date: August 9, 2024