


SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATIONS CODE (SRC) AND SRC RULE 17(a)-1(b)(3) THEREUNDER

1. **August 3, 2022**
Date of Report (Date of earliest event reported)
2. **94419**
SEC Identification Number
3. **000-409-747-000**
BIR Tax Identification Number
4. **INTEGRATED MICRO-ELECTRONICS, INC.**
Exact Name of registrant as specified in its charter
5. **PHILIPPINES**
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)
Industry Classification Code
7. **North Science Avenue, Laguna Technopark-Special Processing Zone, Biñan, Laguna**
Address of principal office
- 4024**
Postal code
8. **(632) 7756-6840**
Registrant's telephone number, including area code
9. **Not Applicable**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON (net of Treasury Shares)	2,217,293,215

Indicate the item numbers reported herein : **Please refer to attached letter**


Re: **Press Release: IMI Sustains Continued Growth Despite Industry-wide Macroeconomic Issues**

Pursuant to the requirements of the Securities Regulations Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTEGRATED MICRO-ELECTRONICS, INC.

Registrant

Date : **August 3, 2022**


LAURICE S. DELA CRUZ
Chief Finance Officer (OIC)
and Compliance Officer
Signature and Title*

* Print name and title of the signing officer under the signature.



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Philippines

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August 3, 2022

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

Attention: Atty. Rachel Esther J. Gumpang-Remalante
Corporate Governance & Finance Department

Philippine Stock Exchange
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: IMI Sustains Continued Growth Despite Industry-wide Macroeconomic Issues

August 3, 2022, Laguna, Philippines — Integrated Micro-Electronics, Inc. (IMI) posts US\$357 million of revenues in the second quarter of 2022, a sequential 7% growth compared to the first quarter of 2022 and 12% better than the same period last year. The slow recovery of the industry-wide component shortage situation was aggravated by the continued rise of inflation, shortage of skilled labor, and foreign currency depreciation against the US dollar. These headwinds have impacted IMI margins with a net loss of US\$ 3.5 million for the quarter. The first half of the year ends with US\$ 691 million in revenues and a net loss of US\$ 5.5 million for the group, while IMI wholly-owned subsidiaries achieved a net income of US\$3.6 million.

Please refer to the attached press release. Thank you!

Very truly yours,


LAURICE S. DELA CRUZ
Chief Finance Officer (OIC)
and Compliance Officer



IMI Sustains Continued Growth Despite Industry-wide Macroeconomic Issues

August 3, 2022, Laguna, Philippines — Integrated Micro-Electronics, Inc. (IMI) posts US\$357 million of revenues in the second quarter of 2022, a sequential 7% growth compared to the first quarter of 2022 and 12% better than the same period last year. The slow recovery of the industry-wide component shortage situation was aggravated by the continued rise of inflation, shortage of skilled labor, and foreign currency depreciation against the US dollar. These headwinds have impacted IMI margins with a net loss of US\$ 3.5 million for the quarter. The first half of the year ends with US\$ 691 million in revenues and a net loss of US\$ 5.5 million for the group, while IMI wholly-owned subsidiaries achieved a net income of US\$3.6 million.

The strength of the US dollar in the second quarter has affected financial results in IMI's European and Chinese sites that primarily book contracts in Euro, British Pound, and Chinese Renminbi. Despite these challenges, wholly-owned subsidiaries managed to remain profitable and sustained their quarter-on-quarter sales recovery with US\$ 290 million being a 12% growth against the first quarter of the year. VIA and STI on the other hand, continue to be more significantly affected by component shortage issues. Non-wholly owned subsidiaries declined 11% quarter-on-quarter to US\$ 67 million in revenues.

"Various macro-economic headwinds continue to affect the entire electronics manufacturing industry. Our management teams across the globe have been working diligently to mitigate the effects on our business and ensure that we are well positioned to maintain IMI's growth trajectory. By expanding our supply chain network and increasing regional access to components, we aim to reduce raw material costs and minimize reliance on expensive freight services. We are also driving profitability by rolling out industrial excellence initiatives across our facilities," said IMI president Jerome Tan. "As the business environment begins to normalize, we intend to maintain our streamlined structure and further improve on the efficiency of our operations to drive profitable growth," Tan added.

IMI marks its 42nd anniversary this month as it continues to drive productivity and innovation as a global force in manufacturing and technology solutions.

About IMI

Integrated Micro-Electronics, Inc. (IMI), the manufacturing arm of AC Industrial Technology Holdings, Inc., a wholly-owned subsidiary of Ayala Corporation, is among the leading global technology and manufacturing solutions expert in the world. IMI ranks 19th in the list of top EMS providers in the world by the Manufacturing Market Insider based on 2021 revenues. In the automotive market, it remains the 6th largest EMS provider in the world per New Venture Research.

IMI specializes in highly reliable and quality electronics for long product life cycle segments such as automotive, industrial electronics and more recently, the aerospace market.

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

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

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED BALANCE SHEET****AS OF JUNE 30, 2022****(With Comparative Audited Figures as of December 31, 2021)****(In thousands)**

	Jun 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$126,545	\$159,788
Receivables – net	284,005	279,042
Contract assets	65,346	52,481
Inventories	267,113	238,589
Other current assets	22,379	22,425
Total Current Assets	765,388	752,325
Noncurrent Assets		
Property, plant and equipment - net	146,867	161,967
Goodwill	135,790	145,434
Intangible assets - net	9,152	10,927
Right-of-use assets	22,575	28,458
Deferred tax assets	2,880	2,934
Financial assets at FVOCI	1,546	1,365
Other noncurrent assets	18,088	19,765
Total Noncurrent Assets	336,898	370,850
	\$1,102,286	\$1,123,175
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$308,584	\$289,418
Contract liabilities	4,171	4,741
Loans payable	182,079	165,772
Current portion of long-term debt	2,582	1,805
Current portion of lease liabilities	4,817	8,418
Income tax payable	1,924	2,410
Total Current Liabilities	504,157	472,564
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt	148,490	149,679
Lease liabilities	19,258	22,802
Net retirement liabilities	8,323	10,311
Deferred tax liabilities	1,243	1,058
Other noncurrent liabilities	4,444	5,047
Total Noncurrent Liabilities	181,758	188,897
Total Liabilities	685,915	661,461

(Forward)

	Jun 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	\$42,710	\$42,706
Subscribed capital stock	702	709
Additional paid-in capital	193,795	193,831
Subscriptions receivable	(2,634)	(2,702)
Unappropriated retained earnings	196,046	201,560
Treasury stock	(1,013)	(1,013)
Other components of equity	(263)	(555)
Cumulative translation adjustment	(47,033)	(19,865)
Remeasurement losses on defined benefit plans	(10,072)	(10,072)
	372,238	404,599
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries		
	44,134	57,114
Total Equity	416,372	461,713
	\$1,102,286	\$1,123,175

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(In thousands, except Earnings per Share)

	2022 (Unaudited)		2021 (Unaudited)	
	Apr to Jun	Jan to Jun	Apr to Jun	Jan to Jun
REVENUES FROM CONTRACTS WITH CUSTOMERS	\$356,905	\$690,856	\$319,019	\$646,563
COST OF SALES	329,945	642,248	297,982	596,620
GROSS PROFIT	26,960	48,608	21,037	49,943
OPERATING EXPENSES	(31,566)	(55,661)	(24,315)	(49,721)
OTHERS - Net				
Interest and bank charges	(3,204)	(6,472)	(2,249)	(4,573)
Foreign exchange gains/(losses)	3,636	4,926	(802)	441
Interest income	79	189	29	67
Miscellaneous income – net	(209)	1,141	3,814	3,517
LOSS BEFORE INCOME TAX	(4,304)	(7,269)	(2,486)	(326)
PROVISION FOR INCOME TAX	(1,128)	(2,547)	(2,093)	(3,272)
NET LOSS	(\$5,432)	(\$9,816)	(\$4,579)	(\$3,598)
Net Income (Loss) Attributable to:				
Equity holders of the Parent Company	(\$3,545)	(\$5,514)	(\$1,278)	\$915
Non-controlling interests	(1,887)	(4,302)	(3,301)	(4,513)
	(\$5,432)	(\$9,816)	(\$4,579)	(\$3,598)
Earnings (Loss) Per Share:				
Basic and diluted		(\$0.0025)		\$0.0004

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(In thousands)

	2022 (Unaudited)		2021 (Unaudited)	
	Apr to Jun	Jan to Jun	Apr to Jun	Jan to Jun
NET LOSS FOR THE PERIOD	(\$5,432)	(\$9,816)	(\$4,579)	(\$3,598)
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences arising from translation of foreign operations	(29,237)	(35,846)	5,318	(6,833)
<i>Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:</i>				
Fair value changes on financial assets at FVOCI – net of tax	99	292	216	319
	(29,138)	(35,554)	5,534	(6,514)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(\$34,570)	(\$45,370)	\$955	(\$10,112)
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company	(\$22,286)	(\$32,389)	\$6,173	(\$4,426)
Non-controlling interests	(12,284)	(12,981)	(5,218)	(5,686)
	(\$34,570)	(\$45,370)	\$955	(\$10,112)

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(In thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock- Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Comprehensive Income (Loss)			Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests	Total
							Other Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans			
Balances at January 1, 2022	\$42,706	\$709	\$193,831	(\$2,702)	\$201,560	(\$1,013)	(\$555)	(\$19,865)	(\$10,072)	\$404,599	\$57,114	\$461,713
Issued shares during the year	4	(4)	—	—	—	—	—	—	—	—	—	—
Collection from subscriptions	—	—	—	29	—	—	—	—	—	29	—	29
Forfeitures during the year	—	(3)	(36)	39	—	—	—	—	—	—	—	—
	42,710	702	193,795	(2,634)	201,560	(1,013)	(555)	(19,865)	(10,072)	404,628	57,114	461,742
Net loss	—	—	—	—	(5,514)	—	—	—	—	(5,514)	(4,302)	(9,816)
Other comprehensive income (loss)	—	—	—	—	—	—	292	(27,168)	—	(26,876)	(8,678)	(35,554)
Total comprehensive income (loss)	—	—	—	—	(5,514)	—	292	(27,168)	—	(32,390)	(12,980)	(45,370)
Balances at June 30, 2022	\$42,710	\$702	\$193,795	(\$2,634)	\$196,046	(\$1,013)	(\$263)	(\$47,033)	(\$10,072)	\$372,238	\$44,134	\$416,372

	Attributable to Equity Holders of the Parent Company											
	Other Comprehensive Income (Loss)									Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests	Total
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans			
Balances at January 1, 2021	\$42,675	\$745	\$193,870	(\$2,889)	\$215,794	(\$1,013)	(\$875)	\$9,138	(\$9,750)	\$447,695	\$133,168	\$580,863
Issued shares during the year	27	(27)	—	—	—	—	—	—	—	—	—	—
Refund on subscriptions	—	—	—	18	—	—	—	—	—	18	—	—
Forfeitures during the year	—	(6)	(39)	44	—	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	(1,520)	—	—	—	—	(1,520)	—	(1,520)
	42,702	712	193,831	(2,827)	214,274	(1,013)	(875)	9,138	(9,750)	446,193	133,168	569,231
Net income (loss)	—	—	—	—	915	—	—	—	—	915	(4,513)	(3,598)
Other comprehensive income (loss)	—	—	—	—	—	—	319	(5,660)	—	(5,341)	(1,173)	(6,514)
Total comprehensive income (loss)	—	—	—	—	915	—	319	(5,660)	—	(4,426)	(5,686)	(10,112)
Balances at June 30, 2021	\$42,702	\$712	\$193,831	(\$2,827)	\$215,189	(\$1,013)	(\$556)	\$3,478	(\$9,750)	\$441,766	\$127,482	\$569,248

Attributable to Equity Holders of the Parent Company

	Other Comprehensive Income (Loss)											
	Capital Stock-Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests (Note 15)	Total
Balances at January 1, 2021	\$42,675	\$745	\$193,870	(\$2,889)	\$215,794	(\$1,013)	(\$875)	\$9,138	(\$9,750)	\$447,695	\$133,168	\$580,863
Issued shares during the year	31	(31)	-	-	-	-	-	-	-	-	-	-
Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Collection from subscriptions	-	-	-	143	-	-	-	-	-	143	-	143
Forfeitures during the year	-	(5)	(39)	44	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,669)	-	-	-	-	(3,669)	-	(3,669)
	42,706	709	193,831	(2,702)	212,125	(1,013)	(875)	9,138	(9,750)	444,169	63,168	507,337
Net loss	-	-	-	-	(10,565)	-	-	-	-	(10,565)	(9,141)	(19,706)
Other comprehensive income (loss)	-	-	-	-	-	-	320	(29,003)	(322)	(29,005)	3,087	(25,918)
Total comprehensive income (loss)	-	-	-	-	(10,565)	-	320	(29,003)	(322)	(39,570)	(6,054)	(45,624)
Balances at December 31, 2021	\$42,706	\$709	\$193,831	(\$2,702)	\$201,560	(\$1,013)	(\$555)	(\$19,865)	(\$10,072)	\$404,599	\$57,114	\$461,713

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six months ended June 30	
	2022	2021
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(\$7,269)	(\$326)
Adjustments for:		
Depreciation of property, plant and equipment	18,769	20,124
Interest expense	3,353	4,289
Amortization of right-of-use assets	4,689	5,342
Amortization of intangible assets	2,443	3,698
Interest income	(189)	(67)
Unrealized foreign exchange gains	(8,084)	(1,383)
Gains on sale of property, plant and equipment	(355)	(159)
Mark-to-market losses (gains) on put options	—	144
Mark-to-market gain on derivatives	43	(164)
(Reversal of impairment) impairment losses on noncurrent assets	—	(2,303)
Operating income before working capital changes	13,400	29,195
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	(15,559)	13,255
Contract asset	(15,525)	934
Inventories	(33,178)	(57,173)
Other current assets	(2,552)	(3,779)
Increase (decrease) in:		
Accounts payable and accrued expenses	15,811	22,817
Contract liabilities	(408)	4,079
Retirement liabilities	(1,847)	(882)
Net cash provided by (used in) operations	(39,858)	8,446
Income tax paid	(3,069)	(3,957)
Interest paid	(2,625)	(3,570)
Interest received	189	67
Net cash provided by (used in) operating activities	(45,363)	986
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment	(10,348)	(16,530)
Intangible assets	(442)	(331)
Proceeds from sale of property, plant and equipment	608	1,361
Acquisition by a subsidiary through business combination, net of cash acquired	—	(3,018)
Decrease (increase) in other noncurrent assets	(565)	581
Net cash used in investing activities	(10,747)	(17,937)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loans	(1,341)	(3,188)
Availment of loans	21,306	5,250
Payments of lease liabilities	(5,735)	(6,051)
Dividends paid to preference shareholders of a subsidiary (Note 16)	—	(1,520)
Collection on subscriptions	29	17
Increase (Decrease) in other noncurrent liabilities	2,209	(315)
Net cash provided by (used in) financing activities	16,468	(5,807)
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	6,399	1,636
NET DECREASE IN CASH AND CASH EQUIVALENTS	(33,243)	(21,122)
CASH AND CASH EQUIVALENTS AT JANUARY 1	159,788	244,356
CASH AND CASH EQUIVALENTS AT JUNE 30	\$126,545	\$223,234