COVER SHEET

SEC Registration Number

1 0 7 4 3 2

Company Name

IONICS, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

Circuit Street, Light Industry and Science Park of the Philippines I, Bo. Diezmo, Cabuyao City, Laguna

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ronan.andrade@ionics-ems.com	(049) 508-1111	0917-869-5688

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
837	06/14	03/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
RONAN R. ANDRADE	ronan.andrade@ionics-ems.com	(049) 508-1111	0917-869-5688

Contact Person's Address

No. 14 Mountain Drive, Light Industry and Science Park II Brgy. La Mesa, Calamba, Laguna

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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 quarter ended — March 31, 2024

2. SEC Identification Number — 107432

3. BIR Tax Identification No. — 000-124-671-000

4. Exact name of issuer as specified in its charter — **IONICS, INC.**

5. Province, country or other jurisdiction of incorporation or organization — Philippines

6. Industry classification code: [ ] (SEC Use Only)

7. Address of principal office — Circuit Street, Light Industry and Science Park of the Philippines I, Bo. Diezmo, Cabuyao City, Laguna
   Postal code — 4025

8. Issuer's telephone number, including area code — (049) 508-1111 and Fax Number (049) 508-111 loc. 309

9. In 1996, the Company changed its principal place of business from Makati, Metro Manila to Cabuyao, Laguna.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	1.00 par value issued 857,974,992 shares and outstanding, 837,130,992 shares (net of 20,844,000 shares of treasury stock).

11. Are any or all of these securities listed on a Stock Exchange?

    Yes [x]   No [ ]

    If yes, state the name of such Stock Exchange and the classes of securities listed therein:
    Philippine Stock Exchange

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the SRC and SRC 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 that the registrant was required to file such reports);

    Yes [x]   No [ ]

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

PART I – FINANCIAL INFORMATION

ITEM 1. Unaudited Interim Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements including notes thereto are filed as part of this report (pages 10-40).

These unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and its wholly-owned subsidiaries, Ionics Properties, Inc. (IPI), Synertronix, Inc. (SI), Ionics Circuits Limited (ICL), Iomni Precision, Inc. (Iomni), Ionics Products Solutions, Inc. (IPSI) and the 97%-owned Ionics EMS, Inc. (EMS) and a Subsidiary (EMS-USA). All intercompany balances have been eliminated in the consolidation.

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

Below are the Consolidated Key Financial Ratios for the three months period ended March 31, 2024 and full year ended December 31, 2023:

	March 31, 2024	December 31, 2023
Revenue Growth (Decline)	**(1.67%)**	25.17%
Gross Profit Margin	**9.66%**	12.69%
Net Income Margin	**2.86%**	4.75%
Return on Equity	**1.06%**	7.22%
Current Ratio	**1.61:1**	1.65:1
Quick Asset Ratio	**0.68:1**	0.67:1
Leverage Ratio	**0.40:1**	0.41:1
Debt-to-Equity Ratio	**0.95:1**	0.89:1
Asset-to-Equity Ratio	**1.95:1**	1.89:1
Interest Rate Coverage Ratio	**3.04:1**	3.96:1

1. **Revenue Growth**
   Revenue growth is computed from current revenue less revenue of the prior period divided by revenue of the prior period. The result is expressed in percentage.

2. **Gross Profit Margin**
   Gross profit margin reflects the management's policies related to pricing and production efficiency. This is computed by dividing gross profit by the total revenue for the period. The result is expressed in percentage.

3. **Net Income Margin**
   Net income margin is the ratio of the Group's net income for a given period. This is computed by dividing net income by the total revenue for the period. The result is expressed in percentage.

4. **Return on Equity**
   Return on equity ratio is the ratio of the Group's net income to equity. This measures the management's ability to generate returns on their investments. This is computed by dividing net income by total equity. The result is expressed in percentage.

5. **Current Ratio**
   Current ratio is the ratio of the Group's current resources and its current obligation. This is computed by dividing current assets by current liabilities.

6. **Quick Asset Ratio**
   Quick asset ratio is the ratio of the Group's current assets to its current obligations. This is computed by dividing sum of cash and cash equivalents, marketable securities and receivables by current liabilities.

7. **Leverage Ratio**
   Leverage ratio determines the Group's cost mix and its effects on the operating income. This is computed by dividing net debt by the sum of total equity and net debt.

8. **Debt-to-Equity Ratio**
   The debt-to-equity ratio is used to measure the Group's financial standing and ability to repay its obligations. This is computed by dividing total liabilities by equity.

9. **Asset-to-Equity Ratio**
   The asset-to-equity ratio shows the relationship of the total assets of the Group to the portion owned by shareholders. This indicates the Group's leverage (debt) used to finance the Group. This is computed by dividing total assets by equity.

10. **Interest rate Coverage Ratio**
    Interest rate coverage ratio is the ratio of the Group's ability to meet its interest payment. This is computed by dividing the sum of income before income taxes and finance costs by the finance costs.

As of the filing date, the management of the Group is not aware of:

a) any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity;
b) any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;
c) all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period;
d) any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures except for the approved capital expenditures;
e) any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/ revenues/ income from continuing operations
f) any significant elements of income or loss that did not arise from the issuer's continuing operations; and,
g) any seasonal aspects that had a material effect on the financial condition or results of operations.

The causes for any material change from period to period, which shall include vertical and horizontal analyses of any material item, were disclosed in page number 5 to 7 of this report.

CONSOLIDATED FINANCIAL POSITION

As of March 31, 2024, the consolidated assets of the Group amounted to US$127.84 million which is US$5.87 million higher than the US$121.97 million as of December 31, 2023. The increase in the Group's total assets was due to the increase in receivables, contract assets and inventories.

Current ratio is 1.61:1 for the period ended March 31, 2024 and 1.65:1 for the year ended December 31, 2023 while debt-to-equity ratio increased from 0.89:1 in December 31, 2023 to 0.95:1 in three months ended March 31, 2024.

Below is the summary of Statements of Financial Position accounts with 5% or more increase (decrease):

	Percentage increase (decrease)	
	March 31, 2024 vs. December 31, 2023	December 31, 2023 vs. December 31, 2022
ASSETS		
Cash and cash equivalents	**5**	(60)
Receivables	**10**	14
Contract assets	**13**	46
Inventories	**8**	N/A
Advances to suppliers	**40**	(49)
Prepayments and other current assets	**23**	25
Financial assets at FVOCI	**N/A**	71
Property, plant and equipment – net	**N/A**	21
Investment properties	**N/A**	38
Right-of-use assets	**(10)**	(51)
LIABILITIES		
Accounts payable and other liabilities	**27**	20
Contract liabilities	**N/A**	302
Bank loans and long-term debt	**N/A**	(9)
Lease liabilities	**(24)**	(28)
Income tax payable	**108**	(30)
Net pension liabilities	**(6)**	27

As of March 31, 2024 (03.31.24 vs 12.31.23)

Cash increased due to cash flows generated from operations. Receivables increased due to higher sales for the quarter. Contract assets increased due to the higher level of work in process. Inventories increased due to anticipated ramp up of new turnkey customers which also resulted to increase advance payment to suppliers and increase in accounts payable and accrued expenses. The increase in prepayments and other current assets was due to prepayments made during the period. Right-of-use assets (ROU) decreased due to lease amortization for the quarter. The increase in accounts payable and accrued expenses is related to the increase in raw materials. Lease liabilities decreased due to the payment of lease amortization for the period. Income tax increased due to provision of income tax during the quarter. Net pension liability decreased due to number of eligible members who reached the normal retirement age and quarter end revaluation gain due to depreciation of Philippine Peso against US Dollar.

As of December 31, 2023 (12.31.23 vs 12.31.22)

Cash decreased due to net cash used in payment of bank loans, payment of dividends to stockholders and acquisition of land. Receivables increased due to higher sales. Contract assets increased due to higher level of work in process and finished goods. The decrease in advances to suppliers was attributable to the delivery of materials covered by advanced payments and controlled material ordering for the year. The increase in prepayments and other current assets is due to payment for VAT input tax to BOC and prepayment for health insurance plan of employees. Financial Assets at FVOCI increased due to fair value income recognized as of December 31, 2023. Property and equipment and investment properties increased due to acquisitions made during the year. Right-of-use assets (ROU) decreased due to amortization for the period. The decrease in accounts payable and accrued expenses is attributable to the payment made to suppliers and controlled material ordering. Contract liabilities increased due to payment received from customer for advance ordering of materials. Bank loans and long-term debt decreased due to payments made during the period. Lease liabilities decreased due to payment of leased amortization for the period. Income taxes decreased due to payment of income tax during the period. Net pension liability increased due to accrual of pension expense during the period.

CONSOLIDATED RESULTS OF OPERATIONS

The summarized revenues and net income (losses) of the Group for the three months ended Mach 31, 2024 and 2023 are presented as follows (amounts in US Dollars):

	March 31, 2024 (3 months)					**March 31, 2023 (3 months)**				
	REVENUE					REVENUE				
COMPANY	**Sales**	**Rent income**	**Total**	**Operating Expense**	**NET INCOME (LOSS)***	Sales	Rental Income and Other Income	Total	Operating Expense	NET INCOME (LOSS)*
Parent	–	**167,788**	**167,788**	**206,031**	**(184,664)**	–	159,783	159,783	147,925	(15,348)
EMS and a Subsidiary	**23,054,281**	**-**	**23,054,281**	**966,550**	**260,711**	22,841,516	-	22,841,516	1,088,192	765,197
IPI	–	**875,698**	**875,698**	**42,436**	**541,285**	–	894,139	894,139	29,738	584,333
ICL	–	**-**	**-**	**1,958**	**(4,804)**	–	-	-	1,850	(6,142)
Iomni	**532,323**	**30,669**	**562,922**	**37,516**	**(249,895)**	1,141,177	36,555	1,177,732	41,113	101,540
Synertronix	–	**-**	**-**	**-**	**-**	–	–	–	9	(9)
IPSI	–	**-**	**-**	**521**	**(930)**	–	-	-	652	(103)
TOTAL	**23,586,604**	**1,074,155**	**24,660,760**	**1,255,011**	**361,703**	23,982,693	1,090,477	25,073,170	1,309,355	1,429,797
Eliminations	**(200,428)**	**(354,901)**	**(555,329)**	**(111,654)**	**203,379**	(233,698)	(325,808)	(559,738)	(37,805)	(17,476)
Consolidated	**23,386,176**	**719,255**	**24,105,431**	**1,143,357**	**565,083**	23,748,995	764,669	24,513,432	1,285,550	1,412,321

**Net income attributable to equity holders of the Parent Company.*

The Group's sales slightly increased by US$0.36 million from US$23.75 million for the three months ended March 31, 2023 to US$23.37 million in March 31, 2024. Gross profit decreased by US$1.42 million or 39% from US$3.63 million for the three months ended March 31, 2023 to US$2.21 million in March 31, 2024 due to underutilized capacity.

Operating expenses decreased by US$0.15 million from US$1.29 million in three months ended March 31, 2023 to US$1.14 million in March 31, 2024 primarily due to decrease in commission. Interest expenses decreased from US$0.46 million to US$0.42 million.

With the foregoing, the Group reported a decrease in the consolidated net income attributable to equity holders of the Parent Company of US$0.82 million from US$1.39 million for the three months ended March 31, 2023 to US$0.57 million for the three months ended March 31, 2024.

INDIVIDUAL RESULT OF OPERATIONS

Ionics, Inc.

The Parent Company reported a net loss of US$0.19 million after impairment provision of US$0.20 million representing the Q1 2024 net loss of Iomni for the three months ended March 31, 2024 versus net loss of US$0.02 million of the same period of 2023.

The individual performances of the subsidiaries for the three months ended March 31, 2024 and 2023 are as follows:

Ionics EMS, Inc. and a Subsidiary

The IEMS revenue slightly increased by US$0.21 million from US$22.84 million for the three months ended March 31, 2023 to US$23.05 million in the same period of 2024. Gross profit decreased US$0.97 million from US$2.62 million for the three months ended March 31, 2023 to US$1.64 million in the same period of 2024 due to underutilized Plant capacity.

Operating expenses decreased by US$0.15 million from US$1.089 million for the three months period ended March 31, 2023 to US$0.93 million in the same period of 2024 primarily due to decrease in commission. Interest expense decreased to US$0.03 million for the three months period ended March 31, 2024 from US$0.38 million in the same period of 2023. From net foreign exchange loss of US$0.22 million for the three months ended March 31, 2023, IEMS reported net foreign exchange gain of US$0.07 million in the same period of 2024 due to depreciation of Philippine Peso versus US Dollar.

With the foregoing, the Group reported a decrease in net income US$0.50 million from US$0.77 million to US$0.26 million for the three months as of March 31, 2024.

Ionics Properties, Inc. (IPI)

IPI contributed rent income of US$0.88 million and US$0.89 million in three months ended March 31, 2024 and 2023, respectively. Net income decreased from US$0.58 million on March 31, 2023 to US$0.54 million for the three months ended March 31, 2024.

Ionics Circuits, Limited (ICL)

ICL reported a net loss amounting to US$0.005 million and US$0.006 million for the three months ended March 31, 2024 and 2023. This is due to the lower share in net losses of investees.

Iomni Precision, Inc. (Iomni)

Iomni's revenue decreased to US$0.56 million for the three months ended March 31, 2024 from US$1.18 million for the three months ended March 31, 2023 due to lower orders from customers. As a result of the decrease in sales, Iomni reported a gross profit of US$0.07 and US$0.20 million for the three months ended March 31, 2024 and 2023, respectively.
Operating expenses amounted to US$0.04 million in March 31, 2024 and 2023.

With the foregoing, the Company's performance resulted to a net loss of US$0.25 million and net income of US$0.10 million for the three months ended March 31, 2024 and 2023, respectively.

Synertronix, Inc. (SI)

SI reported nil and net loss of US$9 for the three months ended March 31, 2024 and 2023, respectively.

Ionics Products Solutions, Inc. (IPSI)

IPSI reported net loss amounting to US$930 and US$103 for the three months ended March 31, 2024 and 2023, respectively**.**

ITEM 3. Additional Requirements

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for two comparative periods:

a. Liquidity Ratio

	March 31, 2024	December 31, 2023
Current ratio	**1.61:1**	1.65:1
Quick asset ratio	**0.68:1**	0.67:1
Debt-to-equity ratio	**0.95:1**	0.89:1
Asset-to-equity ratio	**1.95:1**	1.89:1

b. Profitability Ratio

	March 31, 2024	December 31, 2023
Interest rate coverage ratio	**3.04:1**	3.96:1
Profitability ratio		
Gross profit margin	**9.66%**	12.69%
Operating income margin	**9.64%**	6.89%
Net income margin	**2.86%**	4.75%
Revenue growth	**(1.67%)**	25.17%

PART II - OTHER INFORMATION

As of the period ended March 31, 2024, the Group:

a) has not experienced any suspension of its operations;
b) has no contract of merger, consolidation or joint venture, contract of management, licensing, marketing, distributorship or similar agreement was signed;
c) has no offering of right, granting of stock options and corresponding plans; and
d) has not done any transfer of assets during the quarter.

SIGNATURE

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.

ISSUER : **IONICS, INC.**

RONAN R. ANDRADE
Chief Finance Officer

May 15, 2024
Date

RAYMOND MARIA C. QUA
President and Chief Executive Officer

May 15, 2024
Date

IONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Unaudited March 31, 2024	Audited December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3, 4, 5 and 23)	**US$7,107**	US$6,764
Receivables (Notes 3, 6 and 23)	**20,719**	18,886
Contract assets (Notes 3 and 7)	**7,848**	6,957
Inventories (Note 8)	**38,803**	35,982
Advances to suppliers	**1,621**	1,154
Prepayments and other current assets	**1,193**	971
Total Current Assets	**77,291**	70,714
Noncurrent Assets		
Financial assets at FVOCI (Notes 3, 9 and 23)	**3,744**	3,006
Investments in associates (Note 10)	**658**	649
Property, plant and equipment (Note 11)	**25,313**	26,405
Investment properties (Note 12)	**18,537**	18,676
Right-of-use assets (Note 20)	**1,722**	1,917
Deferred tax assets - net	**7**	18
Other noncurrent assets (Notes 4 and 23)	**583**	589
Total Noncurrent Assets	**50,564**	51,260
	US$127,855	US$121,974

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Notes 3, 4, 13 and 23)	**US$25,403**	US$20,021
Contract liabilities (Note 7)	**6,373**	6,349
Current portion of bank loans and long-term debt (Notes 3, 4, 14 and 23)	**15,355**	15,355
Current portion of lease liabilities (Notes 3, 4, 20 and 23)	**766**	753
Dividend payable (Note 24)	**125**	127
Income tax payable	**293**	141
Total Current Liabilities	**48,315**	42,746
Noncurrent Liabilities		
Bank loans and long-term debt - net of current portion (Notes 3, 4, 14 and 23)	**7,833**	8,392
Lease liabilities - net of current portion (Notes 3, 4, 20 and 23)	**1,072**	1,294
Net pension liabilities	**3,286**	3,433
Deferred tax liabilities - net	**357**	234
Other noncurrent liabilities (Notes 3, 4, 13 and 23)	**1,300**	1,299
Total Noncurrent Liabilities	**13,848**	14,652
Total Liabilities	**US$62,163**	US$57,398

(Forward)

	Unaudited March 31, 2024	Audited December 31, 2023
Equity (Note 4)		
Equity attributable to the equity holders of the Parent Company:		
Capital stock	**US$17,633**	US$17,633
Additional paid-in capital	**9,072**	9,072
Retained earnings	**41,039**	40,473
Other comprehensive income (loss):		
Unrealized losses on financial assets at FVOCI (Note 9)	**(504)**	(1,124)
Exchange differences	**927**	1,012
Other reserves	**(731)**	(731)
Adjustment to non-controlling interests	**(943)**	(943)
Treasury shares	**(1,365)**	(1,365)
	65,128	64,027
Noncontrolling interests	**564**	549
Total Equity	**65,692**	64,576
	US$127,855	US$121,974

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

IONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings (Loss) per Share)

	2024 January to March (3 months)	2023 January to March (3 months)
REVENUE (Note 22)		
Revenue from contracts with customers	**US$23,386**	US$23,749
Rental income	**719**	765
	24,105	24,514
COST OF SALES AND RENTAL SERVICES		
Cost of sales (Note 15)	**21,680**	20,696
Cost of rental services (Note 16)	**218**	192
	21,898	20,888
GROSS PROFIT	**2,207**	3,626
OPERATING EXPENSES (Note 17)	**1,138**	1,286
OTHER INCOME (EXPENSES)		
Share in net income (loss) of associate (Note 10)	**6**	(19)
Finance costs (Note 18)	**(417)**	(455)
Others - net (Note 19)	**84**	(249)
	(327)	(723)
INCOME BEFORE INCOME TAX	**743**	1,617
PROVISION FOR INCOME TAX	**169**	205
NET INCOME	**574**	1,412
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss:	**(85)**	
Exchange difference		
Items that may not be reclassified to profit or loss:		
Share in other comprehensive income of associate (Note 10)	**6**	-
Fair value gain on financial assets at FVOCI (Note 9)	**620**	-
	541	-
TOTAL COMPREHENSIVE INCOME	**US$1,115**	US$1,412
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	**US$565**	US$1,387
Noncontrolling interests	**9**	25
	US$574	US$1,412
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	**US$1,100**	US$1,387
Noncontrolling interests	**15**	25
	US$1,115	US$1,412
BASIC/DILUTED EARNINGS PER SHARE (Note 21)		
For net income for the year attributable to ordinary equity holders of the Parent Company	**US$0.00069**	US$0.0017

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statement

IONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to the Equity Holders of the Parent Company										
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 9)	`Other Reserves	Adjustment to Non-Controlling Interest	Exchange Difference	Treasury Shares	Total	Non-Controlling Interest	Total
	For the period ended March 31, 2024										
Balances as of January 1, 2024	**US$17,633**	**US$9,072**	**US$40,473**	**(US$1,124)**	**(US$731)**	**(US$943)**	**US$1,012**	**(US$1,365)**	**US$64,027**	**US$549**	**US$64,576**
Net income	**–**	**–**	**565**	**–**	**–**	**–**	**–**	**–**	**565**	**9**	**574**
Other comprehensive income (loss)	**–**	**–**	**–**	**620**	**–**	**–**	**(85)**	**–**	**535**	**6**	**541**
Total comprehensive income	**–**	**–**	**565**	**620**	**–**	**–**	**(85)**	**–**	**1,100**	**15**	**1,115**
Balances as of March 31, 2024	**US$17,633**	**US$9,072**	**US$41,038**	**(US$504)**	**(US$731)**	**(US$943)**	**US$927**	**(US$1,365)**	**US$65,128**	**US$564**	**US$65,692**
	For the period ended March 31, 2023										
Balances as of January 1, 2023	US$17,633	US$9,072	US$37,431	(US$2,046)	(US$394)	(US$943)	US$893	(US$1,365)	US$60,281	US$476	US$60,757
Net income	–	–	1,387	–	–	–	–	–	1,387	25	1,412
Dividend declared	–	–	(1,540)	–	–	–	–	–	(1,540)	–	(1,540)
Other comprehensive loss	–	–	–	–	(111)	–	–	–	(111)	–	(111)
Total comprehensive income (loss)	–	–	(153)	–	(111)	–	–	–	264	25	(239)
Balances as of March 31, 2023	US$17,633	US$9,072	US$37,278	(US$2,046)	(US$505)	(US$943)	US$893	(US$1,365)	US$60,017	US$501	US$60,518

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

IONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	2024	2023
	January to March (3 months)	January to March (3 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**US$743**	US$1,617
Adjustments for:		
Depreciation and amortization (Notes 11, 12, 15, 16, 17 and 20)	**1,724**	1,593
Finance costs (Note 18)	**417**	455
Impairment loss on property and equipment	**122**	–
Share in net losses of associates (Note 10)	**6**	20
Movement in net pension liabilities	**(147)**	165
Interest income (Note 19)	**(3)**	(2)
Share in other comprehensive income	**–**	132
Operating income before working capital changes	**2,867**	3,980
Changes in working capital:		
Decrease (increase) in:		
Receivables	**(1,833)**	(3,156)
Contract assets	**(891)**	(925)
Inventories	**(2,821)**	(1,430)
Prepayments and other current assets	**(222)**	(155)
Advances to suppliers	**(467)**	(86)
Other noncurrent assets	**6**	(8)
Increase (decrease) in:		
Accounts payable and other liabilities	**5,137**	13
Contract liabilities	**24**	(133)
Other noncurrent liabilities	**1**	(2)
Net cash generated from (used in) operations	**1,801**	(1,902)
Interest received	**2**	2
Income taxes paid	**–**	(4)
Net cash provided by (used in) operating activities	**1,803**	(1,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions in:		
Property and equipment (Notes 11 and 14)	**(239)**	(1,450)
Investment properties	**(54)**	(224)
Financial assets at FVOCI (Note 9)	**–**	(145)
Net cash used in investing activities	**(293)**	(1,819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of (Note 3):		
Commercial loans	**7,000**	14,000
Bank loans	**18**	–
Payments of (Note 3):		
Commercial loans	**(7,000)**	(14,000)
Lease liabilities	**(231)**	(231)
Bank loans	**(243)**	(71)
Long-term debt	**(334)**	–
Dividends	**(2)**	–
Interests	**(375)**	(455)
Net cash provided by (used in) financing activities	**(1,167)**	(757)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**343**	(4,480)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**6,764**	16,936
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**US$7,107**	US$12,456

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

1. Corporate Information

Ionics, Inc. (the Parent Company) is a domestic corporation incorporated under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) in September 1982. The Parent Company started commercial operations in July 1987 and engaged in electronic manufacturing services business. In September 1999, the Parent Company transferred its primary manufacturing business to a majority owned subsidiary, Ionics EMS, Inc. (EMS), which was subsequently listed in the Singapore Exchange Securities Trading Limited (Singapore Exchange). However, on March 2, 2010, the Parent Company and EMS jointly announced the proposed voluntary delisting of EMS from the Singapore Exchange. Consequently, the Parent Company's primary purpose was amended from a manufacturing company to a holding company.

The Parent Company is listed in the Philippine Stock Exchange.

The principal place of business and registered office address of the Group is Circuit Street, Light Industry and Science Park of the Philippines, Bo. Diezmo, Cabuyao City, Laguna.

The unaudited interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 14, 2024.

2. Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2023.

The unaudited interim condensed consolidated financial statements are presented in United States (US) Dollar, which is also the Group's functional currency. All amounts are rounded to the nearest thousand US$ (US$000), except earnings (loss) per share or unless otherwise indicated.

The following are the wholly and majority-owned subsidiaries of the Parent Company as of March 31, 2024 and December 31, 2023:

Subsidiaries	Country of Incorporation	Principal Activity	Effective Percentage of Ownership
ICL	Cayman Islands	Investing	**100%**
IPI	Philippines	Leasing	**100**
Iomni	Philippines	Manufacturing	**100**
SI	Philippines	Manufacturing	**100**
IPSI	Philippines	Retailing	**100**
EMS	Philippines	Manufacturing	**97**
USA	United States of America	Manufacturing	**97**

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the Group's unaudited interim condensed consolidated financial statements are consistent with those of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of the following new and amended accounting pronouncements which became effective January 1, 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

3. Financial Risk Management Objectives and Policies

Risk management structure

All policy directions, business strategies and management initiatives emanate from the BOD. The BOD convenes in quarterly meetings and in addition, is available to meet in the interim should the need arises.

The Group has adopted internal guidelines setting forth matters that require BOD approval. Under the guidelines, all new investments, any increase in investment in business and subsidiary and any divestments require BOD approval.

The normal course of the Group's business exposes it to a variety of financial risks such as credit risk, liquidity risk and market risks which include foreign currency risk exposures.

The Group has various financial assets such as cash and cash equivalents, receivables (excluding advances to managers and employees), financial assets at fair value through other comprehensive income (FVOCI) and refundable deposits (included under "Other noncurrent assets"). The Group's principal financial liabilities consist of accounts payable and other liabilities (excluding nonfinancial liabilities), bank loans and long-term debt, lease liabilities, and security deposits (included under "Other noncurrent liabilities"). The main purpose of these financial liabilities is to raise funds for the Group's operations. The Group's policies on managing the risks arising from the Group's financial instruments follow:

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform its obligations during the life of the transaction. This includes the risk of non-payment by banks and customers, failed settlement of transactions and default on contracts. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The

Group's credit risk management involves entering into arrangements only with counterparties with acceptable credit standing and that are duly approved by the BOD. The Group does not hold any collateral from its customers thus, the carrying amounts of cash and cash equivalents, receivables, financial assets at FVOCI and refundable deposits approximate the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Trade receivables, rent receivables, other receivables from customers and contract assets
The Group's trade receivables, other receivables from customers and contract assets are monitored on a regular basis. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of the customer with loss pattern. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Generally, trade receivables, rent receivables and other receivables from customers and contract asset are written-off when deemed unrecoverable and are not subject to enforcement activity. The maximum credit exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Other financial assets
Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty limits are reviewed and approved by the BOD and are updated when necessary.

Cash and cash equivalents are placed in various banks. Amounts are held by banks that have good reputation and low probability of insolvency. These are considered to be low credit risk investments.

Risk concentration of the maximum exposure to credit risk
An industry sector analysis of the Group's maximum exposure to credit risk is as follows:

	March 31, 2024	December 31, 2023
Consumer electronics	**US$14,857**	US$14,324
Telecommunications (Telecom)	**7,642**	4,341
Banks and financial intermediaries*	**7,102**	6,756
Computer peripherals	**4,808**	5,825
Real estate	**523**	206
Automotive	**94**	217
Others**	**1,089**	1,324
Total	**US$36,115**	US$33,103

**Excludes cash on hand amounting US$0.01 million as of March 31, 2024 and December 31, 2023.*
***Excludes nonfinancial assets amounting to US$0.03 million as of March 31, 2024 and December 31, 2023.*

The Group has concentration of credit risk due to sales to significant customers. The Group's financial instruments are broadly diversified along industry, product and geographic lines, and transactions are entered into with a range of counterparties, thereby mitigating any significant concentration of credit risk.

The tables below summarize the credit quality of the Group's financial assets (gross of allowance for impairment losses):

	March 31, 2024				
	Minimal Risk	**Average Risk**	**High Risk**	**Credit Impaired**	**Total**
Cash and cash equivalents*	**US$7,098**	**US$–**	**US$–**	**US$–**	**US$7,098**
Receivables					
Trade receivables	**16,851**	**–**	**–**	**18**	**16,869**
Other receivables from customers	**3,106**	**–**	**–**	**-**	**3,106**
Rent receivables	**129**	**–**	**–**	**–**	**129**
Advances to managers **	**132**	**–**	**–**	**–**	**132**
SSS claims receivables	**32**	**–**	**–**	**-**	**32**
Others	**498**	**–**	**–**	**–**	**498**
Contract assets	**7,848**	**–**	**–**	**–**	**7,848**
Other noncurrent assets					
Refundable deposits	**417**	**–**	**–**	**–**	**417**
	US$36,115	**US$–**	**US$–**	**US$18**	**US$36,133**

**Excludes cash on hand amounting to US$.009 million.*
***Nonfinancial assets and advances to employees amounting to US$0.025 million.*

	December 31, 2023				
	Minimal Risk	Average Risk	High Risk	Credit-Impaired	Total
Cash in banks*	US$6,756	US$–	US$–	US$–	US$6,756
Receivables					
Trade receivables	15,017	–	–	17	15,034
Other receivables from customers	3,063	–	–	1	3,064
Rent receivables	206	–	–	–	206
Advances to managers	55	–	–	–	55
SSS claims receivables	46	–	–	2	48
Others	414	–	–	–	414
Contract assets	6,957	–	–	–	6,957
Other noncurrent assets					
Refundable deposits	589	–	–	–	589
	US$33,103	US$–	US$–	US$20	US$33,123

**Excludes cash on hand amounting to US$0.008 million*

The Group classifies credit quality risk as follows:

Minimal risk - accounts with a high degree of certainty in collection, where counterparties have consistently displayed prompt settlement practices, and have little to no instance of defaults or discrepancies in payment.

Average risk - active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues, but where the likelihood of collection is still moderate to high as the counterparties are generally responsive to credit actions initiated by the Group.

High risk - accounts with a low probability of collection and can be considered impaired based on historical experience, where counterparties exhibit a recurring tendency to default despite constant reminder and communication, or even extended payment terms.

The Group maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. The Group's policy is to invest with financial institution from which it has outstanding loans and loan facilities.

The following tables below summarize the staging considerations (other than trade receivables, other receivables from customers and contract assets subject to provision matrix) of the Group's financial assets as at:

	March 31, 2024			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Credit-impaired)**	**Total**
Cash and cash equivalents*	**US$7,098**	**US$−**	**US$−**	**US$7,098**
Receivables				
Advances to managers	**132**	**−**	**−**	**132**
SSS claims receivables	**36**	**−**	**-**	**36**
Others	**498**	**−**	**2**	**500**
Other noncurrent assets				
Refundable deposits	**417**	**−**	**−**	**417**
Total	**US$8,181**	**US$−**	**US$-**	**US$8,183**

**Excludes cash on hand amounting to US$0.005 million*
***Excludes nonfinancial assets amounting to US$0.025 million*

	December 31, 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Credit-impaired)	Total
Cash in banks*	US$6,756	US$−	US$−	US$6,756
Receivables				
Rent receivables	206	−	−	206
Advances to managers	55	−	−	55
SSS claims receivables	46	−	2	48
Others	414	−	−	414
Other noncurrent assets				
Refundable deposits	589	−	−	589
Total	US$8,066	US$−	US$2	US$8,068

**Excludes cash on hand amounting to US$0.008 million*

Set out below is the information about the credit risk exposure on trade receivables, other receivables from customers and contract assets using a provision matrix as at:

March 31, 2024:

		Trade receivables							
			Days past due						
	Contract Assets	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**121-150 days**	**>150 days**	**Total**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default	**US$7,848**	**US$14,835**	**US$1,500**	**US$177**	**US$287**	**US$3**	**US$3**	**US$46**	**US$16,851**
	−	**−**	**−**	**−**	**−**	**−**	**−**	**−**	**−**
		Other receivables from customers							
Expected credit loss rate		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default		**2,889**	**130**	**59**	**9**	**−**	**1**	**18**	**3,106**
		−	**−**	**−**	**−**	**−**	**−**	**−**	**−**
Total expected credit loss	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**

December 31, 2023:

	Contract Assets	Trade receivables — Current	Days past due <30 days	30-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default	**US$6,957**	**US$11,684**	**US$2,526**	**US$403**	**US$386**	**US$1**	**US$–**	**US$17**	**US$15,017**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
		Other receivables from customers							
Expected credit loss rate		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default		**3,327**	**117**	**134**	**24**	**–**	**–**	**1**	**3,603**
		–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total expected credit loss	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**

Liquidity Risk

Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases. Short-term funding is obtained to finance cash requirements for operations and capital expenditures. Amount of credit lines are obtained from designated banks duly approved by the BOD. Surplus funds are placed with reputable banks to which the Group has outstanding loans and loan facilities. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and highly liquid marketable securities and adequate committed lines of funding from major financial institutions to meet the short and longer-term liquidity requirements of the Group.

The tables below show the maturity profile of the financial assets and liabilities, based on its internal methodology that manages liquidity based on remaining contractual maturities as at:

	March 31, 2024					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Financial assets						
Cash and cash equivalents	**US$7,107**	**US$--**	**US$–**	**US$–**	**US$–**	**US$7,107**
Receivables[1]	**3,821**	**16,879**	**--**	**–**	**–**	**20,691**
Refundable deposits[2]	**--**	**–**	**–**	**417**	**–**	**417**
	13,848	**16,640**	**--**	**417**	**–**	**28,215**
Financial liabilities						
Accounts payable and other liabilities[3]	**10,951**	**14,056**	**–**	**–**	**–**	**25,007**
Bank loans and long-term debt[4]	**–**	**13,462**	**1,239**	**8,827**	**--**	**23,528**
Lease liabilities[5]	**–**	**358**	**1,145**	**1,157**	**–**	**2,660**
Security deposits[6]	**–**	**--**	**–**	**638**	**–**	**638**
	10,951	**27,876**	**2,384**	**10,622**	**–**	**51,833**
Liquidity gap	**(US$23)**	**(US$11,006)**	**(US$2,384)**	**(US$10,205)**	**US$–**	**(US$23,618)**

[1]*Excludes nonfinancial assets amounting to US$0.025 million*
[2]*Included under noncurrent assets*
[3]*Excludes nonfinancial liabilities amounting to US$0.38 million*
[4]*Including future interest payable amounting to US$0.34 million*
[5]*Including future interest payable amounting to US$0.17 million*
[6]*Included under accounts payable and other liabilities and other noncurrent liabilities*

	December 31, 2023					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets						
Cash in banks	US$6,764	US$−	US$−	US$−	US$−	US$6,764
Receivables[1]	14,920	3,590	291	−	−	18,801
Refundable deposits[2]	−	−	−	589	−	589
	21,684	3,590	291	589	−	26,154
Financial liabilities						
Accounts payable and other liabilities[3]	7,244	12,392	227	−	−	19,863
Bank loans and long-term debt[4]	−	14,868	7,725	3,160	−	25,753
Lease liabilities[5]	US$−	US$147	US$725	US$1,408	US$−	US$2,280
Security deposits[6]	−	−	−	612	−	612
	7,244	27,407	8,677	5,180	−	48,508
Liquidity gap	US$14,440	(US23,817)	(US$8,386)	(US$4,591)	US$−	(US$22,354)

[1]*Excludes nonfinancial assets amounting to US$0.085 million*
[2]*Included under noncurrent assets*
[3]*Excludes nonfinancial liabilities amounting to US$0.338 million*
[4]*Including future interest payable amounting to US$2.006 million*
[5]*Including future interest payable amounting to US$0.233 million*
[6]*Included under accounts payable and other liabilities and other noncurrent liabilities*

In order to manage the liquidity gap, the Group has various sources of financing, either through support of related parties or availment of bank credit lines. The Group finances its cash requirements by obtaining advances from the Ultimate Parent Company and its affiliates.

The Group will apply for additional credit lines as the need arises.

Market Risk
Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, caused by changes in interest rates, equity prices and foreign currency exchange rates and other market factors.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk primarily through purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily the Philippine Peso (₱). It is the Group’s policy not to trade in derivative contracts. In addition, the Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged.

The table below details the Group's exposure at the reporting date to currency risk arising from forecasted transactions or recognized assets or liabilities denominated in a currency other than the functional currency of the Group.

Philippine Peso

	March 31, 2024		December 31, 2023	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Cash	**US$789**	**₱44,401**	US$2,720	₱150,620
Receivables	**492**	**27,639**	862	47,725
Financial assets at FVOCI	**648**	**35,895**	1,109	61,399
Refundable deposits	**366**	**20,623**	350	19,379
	2,295	**128,558**	5,041	279,123
Less accounts payable and other liabilities	**4,837**	**272,025**	7,340	406,412
Net exposure arising from recognized assets and liabilities	**(US$2,542)**	**(₱143,467)**	(US$3,782)	(₱210,837)

The exchange rates used to restate the Group's foreign currency-denominated assets and liabilities follow:

Currency	**Source**	**March 31, 2024**	December 31, 2023
Philippine Peso	Bankers Association of the Philippines (BAP) closing rate	**US$0.017781**	US$0.018060

Sensitivity analysis

The following table indicates the approximate change in the Group's income before income tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the reporting date:

Increase (decrease) from year-end exchange rates	**2024**		2023	
Changes in foreign currency exchange rates	**1.01%**	**(1.01%)**	8.55%	(8.55%)
Effect on income (loss) before tax	**US$31.03**	**(US$31.03)**	(US$435.61)	US$435.61

Other than the potential impact on income (loss) before income tax, there is no significant effect on equity.

The sensitivity analysis has been determined assuming that the change in foreign currency exchange rates has occurred at the reporting date and has been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The Group does not expect the impact of the volatility on other currencies to be material.

The stated changes represent management's assessment of reasonably possible changes in foreign currency exchange rates over the period until the next annual reporting date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the entities' income before tax measured in the respective functional currencies, translated into US Dollars at the exchange rate ruling at the reporting date for presentation purposes.

Changes in liabilities arising from financing activities:

	March 31, 2024						
	Long-term Debt (Note 16)	**Bank Loan (Note 16)**	**Commercial Loan (Note 16)**	**Lease Liabilities (Note 24)**	**Accrued Interest (Note 15)**	**Dividends Payable**	**Total**
Balances at beginning of year	**US$3,267**	**US$7,480**	**US$13,000**	**US$2,047**	**US$79**	**US$127**	**US$26,000**
Non-cash flows activities:							
Availments	**--**	**18**	**7,000**	**–**	**–**	**–**	**7,018**
Accretion of interest (Note 22)	**–**	**–**	**–**	**37**	**319**	**–**	**356**
Cash flows activities:							
Payments of principal	**(334)**	**(243)**	**(7,000)**	**(231)**	**–**	**–**	**(7,808)**
Payment of interest	**–**	**–**	**–**	**(37)**	**(338)**	**–**	**(375)**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**(2)**	**(2)**
Effect of foreign exchange	**–**	**–**	**–**	**22**	**–**	**–**	**22**
Balances at end of year:	**US$2,933**	**US$7,255**	**US$13,000**	**US$1,838**	**US$60**	**US$125**	**US$25,211**

	December 31, 2023						
	Long-term Debt (Note 16)	Bank Loan (Note 16)	Commercial Loan (Note 16)	Lease Liabilities (Note 24)	Accrued Interest (Note 15)	Dividends Payable	Total
Balances at beginning of year	US$–	US$7,993	US$18,000	US$2,852	US$26	US$–	US$28,871
Non-cash flows activities:							
Availments	4,696	–	–	–	–	–	4,696
Accretion of interest (Note 22)	–	–	–	188	1,639	–	1,827
Dividends declared	–	–	–	–	–	1,540	1,540
Cash flows activities:							
Availments	–	117	43,000	–	–	–	43,117
Payments of principal	(1,429)	(630)	(48,000)	(805)	–	–	(50,864)
Payment of interest	–	–	–	(188)	(1,586)	–	(1,774)
Dividend paid	–	–	–	–	–	(1,413)	(1,413)
Balances at end of year:	US$3,267	US$7,480	US$13,000	US$2,047	US$79	US$127	US$26,000

4. **Capital Management**

The Group’s primary objective in managing capital is to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group monitors capital using a leverage ratio, which is net debt divided by the sum of total equity and net debt. Net debt includes bank loans and lease liabilities and accounts payable and other liabilities less cash and cash equivalents. The Group’s policy is for its leverage ratio not to exceed 75%. The management continues to monitor and improve on areas of customers’ terms to adhere with the policy of leverage ratio.

The leverage ratio as of March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Current liabilities		
Accounts payable and other liabilities*	**US$25,408**	US$19,683
Current portion of bank loans and long-term debt	**14,449**	15,355
Current portion of lease liabilities	**735**	753
Dividend payable		127
	40,592	35,918
Noncurrent liabilities		
Security deposits**	**619**	612
Bank loans and long-term debt - net of current portion	**8,739**	8,392
Lease liabilities - net of current portion	**1,103**	1,294
	10,461	10,298
Total debt	**51,053**	46,216
Less cash and cash equivalents	**7,107**	6,764
Net debt	**43,947**	39,452
Equity	**65,271**	64,576
Total equity and net debt	**US$109,218**	US$104,028
Leverage ratio	**40.24:1**	37.92:1

**Excluding nonfinancial liabilities amounting to US$0.38 million and US$0.323 million as of March 31, 2024 and December 31, 2023, respectively.*

*** Included under other noncurrent liabilities.*

5. **Cash and Cash Equivalents**

This account consists of:

	March 31, 2024	December 31, 2023
Cash on hand	**US$8**	US$8
Cash in banks	**7,099**	6,756
	US$7,107	US$6,764

6. **Receivables**

This account consists of:

	March 31, 2024	December 31, 2023
Trade receivables	**US$16,960**	US$15,034
Other receivables from customers	**2,896**	3,064
Rent receivables	**210**	206
Advances to managers	**139**	55
Advances to employees	**26**	85
SSS claims receivables	**38**	48
Others	**470**	414
	20,739	18,906
Less allowance for impairment losses	**20**	20
	US$20,719	US$18,886

Trade receivables, other receivables from customers and others are noninterest-bearing and normally collected within 30-180 days credit term.

Below is the movement of the allowance for impairment losses as of March 31, 2024 and December 31, 2023 based on individual impairment (nil for collective impairment):

	Lifetime-ECL credit impaired			
	March 31, 2024			
	Trade receivables	**Other receivables from customers**	**Others**	**Total**
Balances at beginning and end of year	**US$17**	**US$1**	**US$2**	**US$20**

	Lifetime ECL credit-impaired			
	December 31, 2023			
	Trade receivables	Other receivables from customers	Others	Total
Balances at beginning of year	US$86	US$19	US$2	US$107
Provision for impairment losses (Note 21)	(44)	(18)	−	(62)
Receivables written off	(25)	−	−	(25)
Balances at end of year	US$17	US$1	US$2	US$20

The Group recovered receivables from customers as of March 31, 2024 totaling US$0.006 million (nil in 2023), respectively, net of transaction costs, recorded under “Others - net” in the unaudited interim condensed consolidated statements of comprehensive income, in which total carrying amount of the outstanding receivables have been fully provided with allowance.

7. Contract Balances

This account consists of:

	March 31, 2024	December 31, 2023
Contract assets	**US$7,848**	US$6,957
Contract liabilities	**6,373**	6,349

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 normally received from customers depending on the credit terms.

For the period ended March 31, 2024 and December 31, 2023, the Group assessed that there are no expected credit losses on contract assets.

Contract liabilities include short-term advances received for advance ordering of materials and customer advances for aging inventories as part of the buy-back agreement.

The Group applied the practical expedient under 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 (1) year or less.

8. Inventories

This account consists of:

	March 31, 2024	December 31, 2023
At NRV:		
Raw materials	**US$37,642**	US$34,770
Spare parts and supplies	**1,162**	1,212
	US$38,804	US$35,982

The Group recognizes a write-down whenever the NRV of inventories is lower than its cost. The related cost of inventories at NRV amounted to US$38.49 million and US$35.56 million as of March 31, 2024 and December 31, 2023, respectively.

The raw materials and supplies used in the operations amounted to US$14.85 million and US$13.58 million for the three (3) months period ended March 31, 2024 and 2023, respectively (see Note 15).

9. Financial Assets at FVOCI

This account consists of:

	March 31, 2024	December 31, 2023
Quoted	**US$19**	US$19
Unquoted		
Beginning balance	**2,987**	1,742
Additional investments	**-**	149
Fair value gain	**738**	1,096
	3,725	2,987
	US$3,744	US$3,006

The Group's investments at FVOCI include investment listed in US NASDAQ stock market, investments in golf/club shares and other non-listed companies which are not held for trading and which the Group has irrevocably designated at FVOCI.

The movements in net unrealized losses on financial assets at FVOCI (net of tax) follows:

	March 31, 2024	December 31, 2023
Beginning balance	**(US$1,124)**	(US$2,046)
Fair value gain	**620**	922
Ending balance	**(US$504)**	(US$1,124)

10. **Investments in Associates**

The composition of and movements in this account follow:

	March 31, 2024	December 31, 2023
Acquisition cost		
Balance at beginning and end of period	**US$518**	US$518
Accumulated equity in net earnings		
Balance at beginning of period	**246**	262
Share in net earnings	**6**	(8)
Share in other comprehensive income	**(7)**	(8)
Balance at end of period	**245**	246
Equity in cumulative translation adjustment		
Balance at the beginning of period	**(115)**	(104)
Exchange differences	**10**	(11)
Balance at end of period	**(105)**	(115)
Net book value	**US$658**	US$649

11. **Property, Plant and Equipment**

The composition of and movements in this account follow:

	March 31, 2024							
	Land	**Machinery and Equipment**	**Building, Building Improvements and Leasehold Improvements**	**Tools and Other Equipment**	**Plant Water and Airconditioning Systems**	**Furniture, Fixtures and Equipment**	**Transportati on Equipment**	**Total**
Cost								
Balances at January 1	**US$2,546**	**US$53,913**	**US$10,549**	**US$10,862**	**US$2,298**	**US$272**	**US$463**	**US$80,903**
Additions	–	**78**	**3**	**112**	**27**	**--**	**23**	**243**
Disposals/retirements	–	**(8)**	**(42)**	**(55)**	**(33)**	–	–	**(138)**
Transfers from ROU	–	**--**	–	–	–	–	–	**--**
Reclassification	–	–	–	**--**	–	–	**--**	–
Balances at March 31	**2,546**	**53,983**	**10,510**	**10,919**	**2,292**	**272**	**486**	**81,008**
Accumulated Depreciation and Amortization and Impairment Loss								
Balances at January 1	–	**34,205**	**9,374**	**8,505**	**1,840**	**272**	**302**	**54,498**
Depreciation and								
Amortization	–							
(Notes 15 and 17)		**890**	**44**	**219**	**48**	**--**	**12**	**1,213**
	–		–					
Impairment loss		**122**		–	–	–	–	**122**
Disposal/retirements		**(8)**	**(42)**	**(55)**	**(33)**	–	–	**(138)**
Transfers	–	**--**	–	**--**	–	–	**--**	**--**
Balances at March 31	–	**35,209**	**9,376**	**8,669**	**1,855**	**272**	**314**	**55,695**
Net Book Values	**US$2,546**	**US$18,774**	**US$1,134**	**US$2,250**	**US$437**	**US$--**	**US$172**	**US$25,313**

	December 31, 2023							
	Land	Machineries and Equipment	Building, Building Improvements and Leasehold Improvements	Tools and Other Equipment	Airconditioning Systems	Furniture, Fixtures and Equipment	Transpor-tation Equipment	Total
Cost								
Balances at beginning of year	US$2,546	US$46,411	US$9,938	US$9,972	US$2,178	US$269	US$304	US$71,618
Additions	–	5,915	594	1,057	111	3	148	7,828
Retirement	–	(122)	(46)	(150)	–	–	–	(318)
Reclassifications	–	–	63	(17)	9	–	11	66
Transfer from		1,062						
Right-of-use assets								
(Note 20)	–	1,709	–	–	–	–	–	1,709
Balances at end of year	2,546	53,913	10,549	10,862	2,298	272	463	80,903
Accumulated depreciation and amortization								
Balances at beginning of year	–	30,639	9,048	7,859	1,661	271	271	49,749
Depreciation and amortization								
(Notes 15 and 17)	–	3,159	309	802	179	1	25	4,475
Retirement	–	(122)	(46)	(150)	–	–	–	(318)
Reclassifications	–	–	63	(6)	–	–	6	63
Transfer from								
Right-of-use assets								
(Note 20)	–	529	–	–	–	–	–	529
Balances at end of year	–	34,205	9,374	8,505	1,840	272	302	54,498
Net book values	US$2,546	US$19,708	US$1,175	US$2,357	US$458	US$--	US$161	US$26,405

The Group has no unpaid acquisition of property and equipment as of March 31, 2024 and December 31, 2023.

12. **Investment Properties**

The composition of and movements in this account follow:

	March 31, 2024			
	Land	**Building**	**Building Improvements**	**Total**
Cost				
Balances at January 1	**US$7,274**	**US$15,247**	**US$4,539**	**US$27,060**
Additions	**–**	**–**	**54**	**54**
Balances at December 31	**7,274**	**15,247**	**4,593**	**27,114**
Accumulated Depreciation and Amortization				
Balances at January 1	**–**	**4,305**	**4,073**	**8,378**
Depreciation and amortization (Note 16)	**–**	**132**	**61**	**193**
Balances at December 31	–	**4,437**	**4,134**	**8,571**
Exchange Reserves	**(6)**	**–**	**–**	**(6)**
Net Book Values	**US$7,268**	**US$10,810**	**US$459**	**US$18,537**

	December 31, 2023			
	Land	Building	Building Improvements	Total
Cost				
Balances at beginning of year	US$1,769	US$15,247	US$4,329	US$21,345
Additions	5,505	–	210	5,715
Balances at end of year	7,274	15,247	4,539	27,060
Accumulated Depreciation				
Balances at beginning of year	–	3,793	3,978	7,771
Depreciation (Note 16)	–	512	95	607
Balances at end of year	–	4,305	4,073	8,378
Exchange Reserves	(6)	–	–	(6)
Net Book Values	US$7,268	US$10,942	US$466	US$18,676

13. **Accounts Payable and Other Liabilities**

This account consists of:

	March 31, 2024	December 31, 2023
Trade payables	**US$20,058**	US$14,862
Accrued expenses	**3,695**	3,704
Non-trade payables	**828**	754
Unearned rent income	**681**	688
Security deposit	**619**	612
Others	**822**	700
	26,703	21,320
Less noncurrent portion of unearned rent and security deposits*	**1,300**	1,299
	US$25,403	US$20,021

**Included under other noncurrent liabilities.*

Accrued expenses consist of:

	March 31, 2024	December 31, 2023
Accrued sales commission	**US$1,116**	US$1,124
Accrued salaries, wages and other benefits	**697**	618
Accrued utilities	**503**	450
Accrued professional fees	**419**	438
Accrued handling charges	**378**	515
Accrued interest expense	**60**	79
Accrued taxes	**44**	44
Accrued rent	**22**	23
Accrued direct materials	**14**	29
Accrued contract labor	**12**	125
Accrued medical and dental expense	**–**	127
Others	**430**	132
	US$3,695	US$3,704

Other payables mainly include withholding taxes and statutory payables to government which are normally settled within a year.

14. **Bank Loans and Long-term Debt**

This account consists of:

	March 31, 2024	December 31, 2023
Long-term debt		
Current	**US$1,405**	US$1,377
Noncurrent	**1,528**	1,890
Bank loans		
Current	**808**	978
Noncurrent	**6,447**	6,502
Commercial loans		

	March 31, 2024	December 31, 2023
Current	**13,000**	13,000
	US$23,188	US$23,747
Current	**US$15,355**	US$15,355
Noncurrent	**7,833**	8,392
	US$23,188	US$23,747

The Group entered into short-term and long-term loan arrangements with domestic and foreign financial institutions for its various working capital and capital expenditure requirements.

Long-term debt:

- In February 2023, the Group entered into three (3)-year financing agreements with a supplier with contract prices amounting to US$4.70 million, accounted as property and equipment, which are subject to 2.11% quarterly interest and will mature on January 31, 2026, respectively. The financing agreements are secured by a chattel mortgage over machineries and equipment of the Group located at its premises (see Note 10). The Group made payments in relation to these financing agreements amounting to US$1.76 million. As of March 31, 2024, the carrying values of the outstanding long-term debt relating to this agreement amounted to US$2.93 million.

Bank loan:
In 2020, IPI entered into a secured term loan agreement aggregating to US$8.00 million with a term of ten (10) years (inclusive of the two (2)-year grace period on the principal payment) for the construction of a two (2)-storey build-to-suit production facility to be leased out to its existing third-party lessee (see Note 12). This loan is subject to 3.75% interest for the first five (5) years and for the next five (5) years, interest shall be repriced annually at 12-month LIBOR plus 2.75% spread inclusive of the 10% FCDU withholding tax. The term loan is secured by a real estate mortgage over the land which said build-to-suit production facility is being constructed.

On December 29, 2020, IPI made its first drawdown amounting to US$1.53 million, net of transaction costs amounting to US$0.07 million. On June 2 and March 8, 2021, IPI made additional drawdowns amounting to US$1.60 million and US$2.00 million, respectively. On May 20, 2022, IPI made final drawdown amounting US$0.80 million. These are subject to amortization, payable monthly.

Commercial loans:

- In 2023, the Group made a drawdown for a six (6)-month short term loan with interest rate ranging from 6.50% to 7.179% amounting to US$2.00 million each on February 23, 2023 and October 10, 2023, US$4.00 million each on April 28, 2023 and October 24, 2023. Out of the US$12.00 million drawdowns, the Group already paid US$6.00 million. The remaining outstanding balance of US$2.00 million and US$4.00 million will mature on April 05, 2024 and April 19, 2024.

- In 2023, the Group made a drawdown for a four (4)-month short term loan with interest rates ranging from 5.00% to 7.00% amounting to US$5.00 million each on January 10, 2023, February 01, 2023, May 12, 2023, August 15, 2023 and November 07, 2023, US$2.00 million each on March 03, 2023, June 13, 2023 and September 18, 2023. Out of the US$31.00 million drawdowns, the Group already paid US$24.00 million. The remaining outstanding balance of US$2.00 million and US$5.00 million matured on January 16, 2024 and March 06, 2024, respectively.

- In 2024, the Group made a drawdown for a four (4)-month short term loan with interest rate of 7.87% amounting to US$2.00 million on January 31, 2024 and US$5.00 million on Feb 28, 2024 which will mature on May 30, 2024 and June 27, 2024.

There are no debt covenants related to these loans.

15. Cost of Sales

This account consists of:

	March 31, 2024 (3 months)	March 31, 2023 (3 months)
Raw materials and supplies used (Note 8)	**US$14,935**	US$13,885
Salaries, wages, and benefits	**3,736**	4,083
Depreciation and amortization (Notes 11 and 20)	**1,349**	1,150
Occupancy cost and utilities	**971**	1,036
Handling and freight charges	**290**	260
Impairment loss	**122**	–
Other expenses	**277**	282
	US$21,680	US$20,696

16. Cost of Rental Services

This account consists of:

	March 31, 2024 (3 months)	March 31, 2023 (3 months)
Depreciation (Notes 12 and 20)	**US$214**	US$187
Taxes and licenses		5
Other expenses		–
	US$218	US$192

17. Operating Expenses

This account consists of:

	March 31, 2024 (3 months)	March 31, 2023 (3 months)
General and administrative expenses	**US$597**	US$602
Selling expenses	**541**	684
	US$1,138	US$1,286

General and administrative expenses consist of the following:

	March 31, 2024 (3 months)	March 31, 2023 (3 months)
Salaries and benefits	**US$314**	US$321
Professional fees	**61**	69
Occupancy cost and utilities	**63**	84
Depreciation (Notes 11 and 20)	**33**	26
Management bonus	**27**	–
Taxes and licenses	**20**	9
Insurance	**17**	16
Receivables written-off	**–**	2
Other expenses	**62**	75
	US$597	US$602

Selling expenses consist of the following:

	March 31, 2024 (3 months)	March 31, 2023 (3 months)
Sales commission and agent's professional fee	**US$404**	US$555
Salaries and benefits	**98**	104
Depreciation and amortization (Notes 11 and 20)	**4**	3
IT SW/HW Maintenance	**5**	4
Other expenses	**30**	18
	US$541	US$684

18. **Finance Costs**

This account consists of

	March 31, 2024 (3 months)	March 31, 2023 (3 months)
Interest on:		
Interest on bank loans	**US$307**	US$339
Long-term debt	**73**	59
Lease liabilities (Notes 20)	**37**	57
	US$417	US$455

19. **Others - Net**

This account consists of:

	March 31, 2024 (3 months)	March 31, 2023 (3 months)
Foreign currency exchange gains (loss) - net	**US$85**	(US239)
Recoveries of impairment losses (Note 6)	**62**	−
Interest income	**2**	3
Bank charges	**(20)**	(13)
Miscellaneous	**(62)**	−
Sale of scrap	**17**	−
	US$84	(US$249)

20. **Leases**

The movements in right-of-use assets follow:

	March 31, 2024		
	Building	**Machineries, Tools and Equipment**	**Total**
Cost			
Balances as at beginning and end of period	**US$4,207**	**US$−**	**US$4,207**
Accumulated Depreciation			
Balances as at beginning of period	**2,290**	−	**2,290**
Depreciation (Notes 15, 16, and 17)	**195**	−	**195**
Balances as at end of period	**2,485**	−	**2,485**
Net Book Values as at end of period	**US$1,722**	**US$−**	**US$1,722**

	December 31, 2023		
	Building	Machineries, Tools and Equipment	Total
Cost			
Balances at beginning of year	US$4,207	US$1,719	US$5,926
Reclassifications (Note 11)	−	(1,719)	(1,719)
Balances at end of year	4,207	−	4,207
Accumulated Depreciation			
Balances at beginning of year	1,510	469	1,979
Depreciation (Notes 15, 16 and 17)	780	57	837
Reclassifications (Note 11)	−	(526)	(526)
Balances at end of year	2,290	−	2,290
Net Book Values	US$1,917	US$−	US$1,917

The rollforward analysis of lease liabilities follow:

	March 31, 2024	December 31, 2023
Balance at beginning of year	**US$2,047**	US$2,852
Additions	–	--
Accretion of interests (Note 18)	**37**	188
Payment of principal	**(231)**	(188)
Payment of interests	**(37)**	(805)
Effect of foreign exchange	**22**	–
Balance at end of year	**US$1,838**	US$2,047
Current	**US$766**	US$753
Noncurrent	**1,072**	1,294
	US$1,838	US$2,047

In February 2020, the Group entered into another three (3)-year financing agreements with a supplier covering machineries and equipment with a contract price of US$1.67 million, subject to 1.08% quarterly interest and will mature on April 2023. The Group accounted these transactions under PFRS 16 by recognizing right-of-use assets with corresponding lease liabilities totaling US$2.62 million. As of September 30, 2023, the carrying amounts of the related right-of-use assets and lease liabilities amounted to US$1.29 million and US$0.28 million, respectively.
In May 2021, the Group entered into a lease agreement with a third-party lessor covering office, factory and warehouse building for a period of five (5) years commencing May 1, 2021 and ending April 31, 2026 at a rate subject to 5% annual escalation. The Group accounted these transactions under PFRS 16 by recognizing right-of-use assets with corresponding lease liabilities totaling US$0.35 million. As of September 30, 2023, the carrying amounts of the related right-of-use assets and lease liabilities amounted to US$0.25 million and US$0.22 million, respectively.

In 2022, the Group entered into another three (3) years lease agreement for office factory warehouse from another third party starting September 01, 2022 to August 01, 2022. The carrying amount of right-of use assets and lease liabilities amounted to US$0.57 million as of September 30, 2023.

21. Earnings Per Share

The basis of income per share calculations attributable to the equity holders of the Parent Company follows (amounts in thousands, except earnings per share):

	March 31, 2024 (3 months)	March 31, 2023 [illegible]
a. Net income attributable to equity holders of the Parent Company	**US$690**	US$1,412
b. Weighted average number of outstanding common shares	**823,072**	823,072
c. Basic earnings per share (a/b)	**US$0.000686**	US$0.0017

There were no potential dilutive shares in 2024 and 2023.

22. Segment Information

The primary segment reporting format of the Group is by business segments as the Group's risks and rates of return are affected predominantly by differences in the goods produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The revenues from major customer under the telecom sector amounted to US$6.49 million for the nine months period ended March 31, 2024 and US$8.09 million for the three months period ended March 31, 2023. Total revenue from these customers exceeds 10% of the total revenues of the Group.

The analysis of the Group's segments by product line follows:

	March 31, 2024 (3 months)							
	Computer Peripherals	**Telecom**	**Automotive**	**Consumer Electronics**	**Real Estate**	**Others**	**Adjustments and Eliminations**	**Total**
Sales (external customers)	**US$5,494**	**US$6,494**	**US$89**	**US$11,210**	**US$–**	**US$300**	**(US$200)**	**US$23,386**
Rental income	**US$–**	**US$31**	**US$–**	**US$–**	**US$876**	**US$168**	**(US$355)**	**US$719**
Income (loss) from operations	**US$771**	**(US$618)**	**(US$89)**	**US$509**	**US$636**	**(US$338)**	**US$197**	**US$1,069**
Foreign exchange gain - net	**43**	**18**	**2**	**15**	**–**	**10**	**–**	**87**
Income tax	**(72)**	**(6)**	**–**	**(53)**	**(34)**	**(4)**	**–**	**(169)**
Share in net earnings of associates – net	**–**	**–**	**–**	**–**	**–**	**(3)**	**9**	**6**
Interest - net	**(92)**	**(90)**	**(2)**	**(177)**	**(61)**	**(5)**	**9**	**(417)**
Non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(9)**	**(9)**
Miscellaneous – net	**–**	**–**	**–**	**(1)**	**–**	**(1)**		**(2)**
Net income (loss)	**US$650**	**(US$695)**	**(US$89)**	**US$293**	**US$541**	**(US$341)**	**US$206**	**US$565**
Identifiable assets	**US$19,491**	**US$26,751**	**US$727**	**US$42,363**	**US$29,153**	**US$43,348**	**(US$41,545)**	**US$120,287**
Unallocated assets	**–**	**–**	**–**	**–**	**–**	**7,569**	**–**	**7,569**
Total assets	**US$19,491**	**US$26,751**	**US$727**	**US$42,363**	**US$29,153**	**US$50,916**	**(US$41,545)**	**US$127,855**
Identifiable liabilities	**US$410**	**US$147**	**US$20**	**US$3,723**	**US$9,247**	**US$31,254**	**(US$24,400)**	**US$20,400**
Unallocated liabilities	**–**	**–**	**–**	**–**	**–**	**61,849**	**(20,087)**	**41,763**
Total liabilities	**US$410**	**US$147**	**US$20**	**US$3,723**	**US$9,247**	**US$93,104**	**(US$44,487)**	**US$62,162**
Capital expenditures	**US$46**	**US$77**	**US$–**	**US$62**	**US$99**	**US$10**	**US$–**	**US$294**
Depreciation and amortization	**US$835**	**US$329**	**US$–**	**US$213**	**US$198**	**US$150**	**US$–**	**US$1,726**

	March 31, 2023 (3 months)							
	Computer Peripherals	Telecom	Automotive	Consumer Electronics	Real Estate	Others	Adjustments and Eliminations	Total
Sales (external customers)	US$6,603	US$8,092	US$104	US$8,379	–	US$805	(US$234)	US$23,749
Rental income	US$–	US$31	US$$–	US$–	US$894	US$166	(US$326)	US$765
Income (loss) from operations	US$533	US$593	(US$20)	US$449	US$697	US$106	(US$15)	US$2,343
Foreign exchange gain - net	(84)	(84)	(2)	(53)	3	(18)	–	(238)
Income tax	(50)	(68)	–	(50)	(35)	(2)	–	(205)
Share in net earnings of associates - net	–	–	–	–	–	(4)	(16)	(20)
Interest – net	(109)	(146)	(1)	(123)	(81)	(10)	16	(455)
Non-controlling interests	–	–	–	–	–	–	(25)	(25)
Miscellaneous – net	(5)	(5)	–	(3)	–	–	–	(13)
Net income (loss)	US$284	US$290	(US$23)	US$220	US$584	US$71	(US$40)	US$1,387
Identifiable assets	US$25,183	US$32,356	US$325	US$28,175	US$27,668	US$44,035	(US$40,870)	US$116,872
Unallocated assets	–	–	–	–	–	9,566	–	9,566
Total assets	US$25,183	US$32,356	US$325	US$28,175	US$27,668	US$53,601	(US$40,870)	US$126,438
Identifiable liabilities	US$2,136	US$4,940	US$13	US$1,458	US$10,032	US$31,244	(US$34,818)	US$16,005
Unallocated liabilities	–	–	–	–	–	65,858	(14,516)	51,342
Total liabilities	US$2,136	US$4,940	US$13	US$1,458	US$10,032	US$98,102	(US$49,334)	US$67,347
Capital expenditures	US$5,243	US$156	US$–	US139	US$54	US$1,798	US$–	US$7,390
Depreciation and amortization	US$757	US$334	US$–	US$114	US$167	US$937	US$–	US$2,309

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in the geographical segments are based on the geographical location of its customers.

The following tables represent the Group's total revenue and certain assets based on the Group's geographical segment:

Segment Revenue

	March 31, 2024	March 31, 2023
Asia	**US$21,994**	US$22,480
North America	**741**	1,557
Europe	**1,371**	477
	US$24,105	US$24,514

Segment Assets

	March 31, 2024	March 31, 2023
Asia	**US$123,600**	US$122,347
North America	**3,697**	3,534
Europe	**558**	267
	US$127,855	US$126,148

Revenue from Contracts with Customers

Revenues from contracts with customers are further disaggregated by type, product type 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 Group's revenue from manufacturing of goods recognized over time amounted to US$23.05 million and US$22.84 million for the period ended March 31, 2024 and 2023, respectively.

23. **Fair Value Measurement**

The Group's financial instruments consist of cash and cash equivalents, receivables (excluding advances to managers and employees), refundable deposits (included under other noncurrent assets), financial assets at FVOCI, accounts payable and other liabilities (excluding nonfinancial liabilities), bank loans, long-term debt, lease liabilities, and security deposits (included under other noncurrent liabilities).

The following table sets forth the fair value hierarchy of the Group's assets and liabilities:

March 31, 2024

		Fair value measurement using			
	Carrying value	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Asset measured at fair value:					
Financial assets at FVOCI (Note 9)	**US$2,144**	**US$2,144**	**US$19**	**US$362**	**US$1,763**
Asset for which fair values are disclosed:					
Other noncurrent assets					
Refundable deposits	**583**	**583**	**–**	**–**	**583**
Liabilities for which fair values are disclosed:					
Bank loans (Note 16)	**7,913**	**7,322**	**–**	**–**	**7,322**
Lease liabilities (Note 20)	**2,374**	**2,175**	**–**	**–**	**2,175**
Long-term debt (Note 16)	**3,913**	**417**	**–**	**–**	**417**
Other liabilities					
Security deposits	**619**	**676**	**–**	**–**	**676**

December 31, 2023

			Fair value measurement using		
	Carrying value	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Asset measured at fair value:					
Financial assets at FVOCI (Note 11)	**US$3,006**	**US$3,006**	**US$19**	**US$385**	**US$2,602**
Asset for which fair value are disclosed:					
Other noncurrent assets					
Refundable deposits	**589**	**589**	–	–	**589**
Liabilities for which fair values are disclosed:					
Lease liabilities (Note 24)	**2,047**	**3,183**	–	–	**3,267**
Bank loans (Note 16)	**10,747**	**10,628**	–	–	**10,628**
Other liabilities					
Security deposits	**612**	**708**	–	–	**708**

The fair values of cash and cash equivalents, receivables, accounts payable and other liabilities and commercial loans (included under “Bank loans and lease liabilities”) approximate their respective carrying values due to the short-term maturities of these instruments.

The estimated fair values of refundable deposits, lease liabilities, long-term debt, bank loans, and security deposits represents the present value of the amount of estimated future cash flows expected to be collected or paid derived using the incremental borrowing rate of the Group for a similar loan.

The estimated fair values of lease liabilities represent the present value of the amount of estimated future cash flows expected to be collected or paid derived using the applicable rates ranging from 0.03% to 4.34% in 2024 and 0.07% to 3.00% in 2023. Fair value of lease liabilities are included within Level 3 of the hierarchy.

For quoted equity investments, the fair value of financial assets is determined using the market prices of the listed shares and the price of the most recent transaction for non-listed shares. Unquoted investments are measured using market approach on its comparable underlying investments with significant unobservable inputs within Level 3 category.

Financial assets at FVOCI measured at fair value based on the quoted market bid prices are included within the Level 1 of the fair value hierarchy.

The fair values of proprietary golf/club shares measured at FVOCI is determined by using the market price of the proprietary golf /club shares and is included in Level 2 of the hierarchy.

The fair values of the non-listed equity investments categorized within Level 3 of the fair value hierarchy have been estimated using the comparable company valuation multiples technique. The market approach is applied using significant unobservable inputs such as quoted prices of the comparable companies under the real estate industries and lack of marketability discount ranging from 10% to 30%. Factors such as revenue growth and earnings before interest, taxes, depreciation and amortization depreciation are considered on the selection of comparable companies. Increase in quoted prices and decrease in lack of marketability discount increase the value of the investments and vice versa.

As of March 31, 2024 and March 31, 2023, there were no transfer between Level 1 and Level 2 of the fair value hierarchy, and no transfer into and out of the Level 3 category.

24. **Dividends Declaration**

On March 13, 2023, the Board during its Special Board meeting approved the declaration of P0.10 per share cash dividend amounting to US$1.54 million to all stockholders of record as of 28 March 2023 with payment not later than 25 April 2023.

CERTIFICATION

I, Raymond Maria C. Qua – President and Chief Executive Officer of Ionics, Inc. and Subsidiaries with SEC Registration No. 107432 with principal office address at Circuit Street, Light Industry & Science Park of the Philippines – 1, Bo. Diezmo, Cabuyao City, Laguna, on oath state:

1) That on behalf of Ionics, Inc. and Subsidiaries, I have caused this SEC Form 17-Q, Quarterly Report as of and for the period ended March 31, 2024 to be prepared;
2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3) That Ionics, Inc. and Subsidiaries will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this MAY 15 2024.

RAYMOND MARIA C. QUA
Affiant

SUBSCRIBED AND SWORN to before me this MAY 15 2024 day of ________ affiant exhibiting me his Passport Number P5737906A, issued on 24 January 2018 at DFA NCR SOUTH and other evidence of identification.

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Series of:

ATTY. FERNANDO M. ALONZO
Notary Public
Not. Com. 40-2023-C, Until December 31, 2024
For Calamba City, Bay, Calauan and Los Baños, Laguna
Lifetime IBP No. 018040-Laguna Chapter
PTR No. CC 8376019/Jan. 02, 2024 at Calamba City
Atty's Roll No. 36298-MCLE Comp. No VII-0029272