

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheet
March 31, 2018, December 31, 2017 and March 31, 2017
(expressed in thousands of New Taiwan dollars)

	2018/3/31		2017/12/31		2017/3/31			2018/3/31		2017/12/31		2017/3/31	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current assets :							Current liabilities :						
Cash and cash equivalents	\$ 4,837,449	31	2,662,100	19	2,918,177	21	Short-term borrowings	\$ 6	-	6	-	7,493	-
Current financial assets at fair value through profit or loss	4,975	-	14,228	-	38,868	-	Current financial liabilities at fair value through profit or loss	-	-	-	-	10,939	-
Current investments in debt instrument without active market	-	-	62,340	-	-	-	Accounts payable	2,706,461	18	3,107,817	23	3,295,990	24
Notes and accounts receivable, net	1,497,945	10	1,845,115	14	2,075,192	15	Payroll and bonus payable	506,178	3	588,834	4	554,615	4
Receivables from related parties	1,026,848	7	1,114,483	8	1,257,457	9	Accrued expenses	312,619	2	376,154	3	341,617	3
Current financial assets at amortised cost	1,991,885	13	-	-	-	-	Other payables to related parties	2,679	-	6,173	-	2,975	-
Inventories	3,224,095	21	3,382,996	25	2,963,462	22	Current tax liabilities	90,860	1	145,395	1	150,425	1
Other current financial assets	-	-	1,803,425	13	1,455,893	11	Current provisions	225,916	1	234,975	2	254,523	2
Other current assets	294,386	2	281,543	2	291,622	2	Other current liabilities	179,500	1	178,650	1	146,915	1
	<u>12,877,583</u>	<u>84</u>	<u>11,166,230</u>	<u>81</u>	<u>11,000,671</u>	<u>80</u>		<u>4,024,219</u>	<u>26</u>	<u>4,638,004</u>	<u>34</u>	<u>4,765,492</u>	<u>35</u>
Non-current assets :							Non-current liabilities :						
Non-current financial assets at fair value through other comprehensive income	120,316	1	-	-	-	-	Deferred income tax liabilities	50,340	-	50,340	-	50,973	-
Non-current available-for-sale financial assets	-	-	111,873	1	149,867	1	Net defined benefit liabilities	287,472	2	340,511	3	370,648	3
Non-current investments in debt instrument without active market	-	-	-	-	62,340	-	Other non-current liabilities	810	-	800	-	597	-
Property, plant and equipment	2,038,555	13	2,086,034	15	2,202,277	17		<u>338,622</u>	<u>2</u>	<u>391,651</u>	<u>3</u>	<u>422,218</u>	<u>3</u>
Intangible assets	202,896	1	211,385	2	183,142	1	Total liabilities	<u>4,362,841</u>	<u>28</u>	<u>5,029,655</u>	<u>37</u>	<u>5,187,710</u>	<u>38</u>
Deferred tax assets	57,334	-	57,354	-	62,506	-	Equity :						
Non-current financial assets at amortised cost	21,019	-	-	-	-	-	Ordinary share capital	5,439,527	35	4,444,697	32	4,344,697	32
Other non-current financial assets	-	-	20,982	-	12,942	-	Ordinary share to be retired	-	-	(730)	-	-	-
Long-term prepaid rent	67,585	1	66,943	1	65,684	1		<u>5,439,527</u>	<u>35</u>	<u>4,443,967</u>	<u>32</u>	<u>4,344,697</u>	<u>32</u>
Other non-current assets	7,784	-	3,814	-	3,005	-	Capital surplus	3,547,104	23	2,242,570	16	2,144,447	15
	<u>2,515,489</u>	<u>16</u>	<u>2,558,385</u>	<u>19</u>	<u>2,741,763</u>	<u>20</u>	Retained earnings :						
Total assets	\$ 15,393,072	100	13,724,615	100	13,742,434	100	Legal reserve	1,052,334	7	1,052,334	8	991,530	7
							Special reserve	242,799	2	242,799	2	-	-
							Unappropriated retained earnings	1,380,245	9	1,111,412	8	1,456,172	11
								<u>2,675,378</u>	<u>18</u>	<u>2,406,545</u>	<u>18</u>	<u>2,447,702</u>	<u>18</u>
							Other equity	(628,282)	(4)	(394,626)	(3)	(378,626)	(3)
							Treasury shares	(3,496)	-	(3,496)	-	(3,496)	-
							Total equity	<u>11,030,231</u>	<u>72</u>	<u>8,694,960</u>	<u>63</u>	<u>8,554,724</u>	<u>62</u>
							Total liabilities and equity	\$ 15,393,072	100	13,724,615	100	13,742,434	100

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

Years ended March 31, 2018 and 2017

(expressed in thousands of New Taiwan dollars, except for net income per common share)

	2018Q1		2017Q1	
	Amount	%	Amount	%
Operating revenue	\$ 3,988,548	100	4,764,912	100
Operating costs	3,487,865	87	3,948,950	83
Gross Profit	500,683	13	815,962	17
Operating expenses :				
Selling	105,349	3	120,356	3
General and administrative	147,616	4	154,798	3
Research and development	311,334	8	318,927	7
Total operating expenses	564,299	15	594,081	13
Net operating income (loss)	(63,616)	(2)	221,881	4
Non-operating income and expenses :				
Other income	40,028	1	19,853	-
Other gains and losses	(9,321)	-	(26,581)	-
Finance costs	(6,206)	-	(865)	-
Total non-operating income and expenses	24,501	1	(7,593)	-
Income (loss) before income tax	(39,115)	(1)	214,288	4
Income tax expenses	20,918	1	42,392	-
Net income (loss)	(60,033)	(2)	171,896	4
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
instruments measured at fair value through other comprehensive income	8,443	-	-	-
loss				
Exchange differences on translation of foreign financial statements	57,980	1	(172,239)	(4)
Unrealized gains on available-for-sale financial assets	-	-	36,411	-
Other comprehensive income(loss)	66,423	1	(135,828)	(4)
Total comprehensive income	\$ 6,390	(1)	36,068	-
Earnings per share(in New Taiwan dollars)				
Basic earnings per share	\$ 0.13		\$ 0.40	
Diluted earnings per share			\$ 0.39	

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended March 31, 2018 and 2017
(expressed in thousands of New Taiwan dollars)

	2017	2016
Cash flows from operating activities:		
Net income before tax(loss)	(\$39,115)	214,288
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expenses	74,348	86,499
Amortization expenses	18,387	16,465
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(2,427)	13,433
Net gain on financial assets or liabilities at fair value through profit or loss	(4,975)	(27,929)
Interest expense	6,206	865
Interest income	(21,321)	(9,403)
Share-based payments	28,787	-
Loss on disposal of property, plant and equipment	190	202
Provision for inventory obsolescence and devaluation loss	40,779	21,854
Amortization of long-term prepaid rent	406	399
Total adjustments to reconcile profit	140,380	102,385
Change in operating assets and liabilities:		
Net change in operating assets		
Decrease in accounts receivable	349,517	253,617
Receivable from related parties	87,429	49,569
Increase in financial assets at fair value through profit or loss, mandatorily measured at fair value	14,228	-
Financial assets at fair value through profit or loss	-	1,165
Inventories	118,122	144,679
Other current assets	(12,557)	7,234
Changing in operating assets	556,739	456,264
Net change in operating liabilities		
Accounts payable	(401,356)	(413,872)
Financial liabilities at fair value through profit or loss	-	(18,187)
Decrease in other payable to related parties	(3,494)	(4,035)
Other current liabilities	(134,753)	(135,220)
Decrease in net defined benefit liability	(53,039)	(23,033)
Change in operating liabilities	(592,642)	(594,347)
Total changes in operating assets and liabilities	(35,903)	(138,083)
Total adjustments	104,477	(35,698)
Cash inflow from operations	65,362	178,590
Interest received	21,321	9,380
Interest paid	(6,206)	(865)
Income tax paid	(95,080)	(19,705)
Net cash flows from operating activities	(14,603)	167,400
Cash flows used in investing activities		
Acquisition of financial assets at amortised cost	(1,095,951)	-
Proceeds from repayments of financial assets at amortised cost	969,831	-
Acquisition of property, plant and equipment	(13,725)	(7,780)
Proceeds from disposal of property, plant and equipment	468	77
Decrease (increase) in refundable deposits	(37)	359
Acquisition of intangible assets	(10,261)	(5,384)
Decrease in other financial assets	-	958,693
Net cash used in investing activities	(149,675)	945,965
Cash flows from financing activities:		
Increase in short-term borrowings	-	7,493
Issue of shares	2,300,000	-
Due to donated assets received	94	-
Net cash flows from financing activities	2,300,094	7,493
Effect of exchange rate changes on cash and cash equivalents	39,533	(92,638)
Net Increase in cash and cash equivalents	2,175,349	1,028,220
Cash and cash equivalents at beginning of period	2,662,100	1,889,957
Cash and cash equivalents at end of period	\$4,837,449	2,918,177