

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheet
March 31, 2019, December 31 and March 31, 2018
(Expressed in thousands of New Taiwan dollars)

	2019/3/31		2018/12/31		2018/3/31	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets :						
Cash and cash equivalents	\$ 2,033,181	14	2,529,283	17	4,837,449	31
Current financial assets at fair value through profit or loss	153	-	1,696	-	4,975	-
Current financial assets at amortised cost	3,698,384	25	3,888,894	26	1,991,885	13
net	1,144,455	8	1,320,616	9	1,497,945	10
Accounts receivable due from related parties, net	689,529	5	847,888	6	1,026,848	7
Inventories	4,189,870	29	3,722,304	25	3,224,095	21
Other current assets	261,936	1	206,360	1	294,386	2
	<u>12,017,508</u>	<u>82</u>	<u>12,517,041</u>	<u>84</u>	<u>12,877,583</u>	<u>84</u>
Non-current assets :						
Non-current financial assets at fair value through other comprehensive income	141,951	1	127,176	1	120,316	1
Non-current financial assets at amortised cost	21,693	-	21,090	-	21,019	-
Property, plant and equipment	1,828,961	13	1,859,589	12	2,038,555	13
Right-of-use asset	257,241	2	-	-	-	-
Intangible assets	199,437	1	204,719	1	202,896	1
Deferred tax assets	130,778	1	130,760	1	57,334	-
Long-term lease prepayments	-	-	63,808	1	67,585	1
Other non-current assets	10,018	-	4,892	-	7,784	-
	<u>2,590,079</u>	<u>18</u>	<u>2,412,034</u>	<u>16</u>	<u>2,515,489</u>	<u>16</u>
Total assets	\$ 14,607,587	100	14,929,075	100	15,393,072	100

	2019/3/31		2018/12/31		2018/3/31	
	Amount	%	Amount	%	Amount	%
Liabilities and Equity						
Current liabilities :						
Current borrowings	\$ -	-	-	-	6	-
Current financial liabilities at fair value through profit or loss	267	-	97	-	-	-
Accounts payable	2,482,196	17	2,882,699	19	2,706,461	18
Accrued expenses	290,215	2	405,172	3	312,619	2
Other payables to related parties	114	-	4,708	-	2,679	-
Current tax liabilities	45,947	-	39,758	-	90,860	1
Current provisions	197,286	1	206,130	2	225,916	1
Current lease liabilities	6,683	-	-	-	-	-
Other current liabilities	527,888	4	634,590	4	685,678	4
	<u>3,550,596</u>	<u>24</u>	<u>4,173,154</u>	<u>28</u>	<u>4,024,219</u>	<u>26</u>
Non-current liabilities :						
Deferred tax liabilities	66,563	-	66,563	-	50,340	-
Non-current lease liabilities	203,414	2	-	-	-	-
Net defined benefit liabilities	267,829	2	294,883	2	287,472	2
Other non-current liabilities	742	-	724	-	810	-
	<u>538,548</u>	<u>4</u>	<u>362,170</u>	<u>2</u>	<u>338,622</u>	<u>2</u>
Total liabilities	4,089,144	28	4,535,324	30	4,362,841	28
Equity :						
Ordinary share	5,432,617	37	5,435,172	37	5,439,527	35
Share capital awaiting retirement	(735)	-	-	-	-	-
	<u>5,431,882</u>	<u>37</u>	<u>5,435,172</u>	<u>37</u>	<u>5,439,527</u>	<u>35</u>
Capital surplus	3,560,712	24	3,557,356	24	3,547,104	23
Retained earnings :						
Legal reserve	1,107,188	7	1,107,188	7	1,052,334	7
Special reserve	226,968	2	226,968	2	242,799	2
Unappropriated retained earnings	748,901	5	765,485	5	1,380,245	9
	<u>2,083,057</u>	<u>14</u>	<u>2,099,641</u>	<u>14</u>	<u>2,675,378</u>	<u>18</u>
Other equity interest	(557,208)	(3)	(698,418)	(5)	(628,282)	(4)
Treasury shares	-	-	-	-	(3,496)	-
Total equity	10,518,443	72	10,393,751	70	11,030,231	72
Total liabilities and equity	\$ 14,607,587	100	14,929,075	100	15,393,072	100

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three-month periods from January 1 to March 31, 2019 and 2018
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	2019/1/1~2019/3/31		2018/1/1~2018/3/31	
	Amount	%	Amount	%
Operating revenue	\$ 3,215,854	100	3,988,548	100
Operating costs	2,687,998	84	3,487,865	87
Gross profit from operations	<u>527,856</u>	<u>16</u>	<u>500,683</u>	<u>13</u>
Operating expenses :				
Selling expenses	96,478	3	107,776	3
Administrative expenses	126,201	4	147,616	4
Research and development expenses	311,679	10	311,334	8
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	7,553	-	(2,427)	-
Total operating expenses	<u>541,911</u>	<u>17</u>	<u>564,299</u>	<u>15</u>
Net operating loss	<u>(14,055)</u>	<u>(1)</u>	<u>(63,616)</u>	<u>(2)</u>
Non-operating income and expenses :				
Other income	30,992	1	40,028	1
Other gains and losses	(6,586)	-	(9,321)	-
Finance costs	(891)	-	(6,206)	-
Total non-operating income and expenses	<u>23,515</u>	<u>1</u>	<u>24,501</u>	<u>1</u>
Profit (loss) before tax	9,460	-	(39,115)	(1)
Tax expenses	8,379	-	20,918	-
Profit (loss)	<u>1,081</u>	<u>-</u>	<u>(60,033)</u>	<u>(1)</u>
Other comprehensive income:				
Components of other comprehensive income that will not be reclassified to profit or loss				
Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	14,775	-	8,443	-
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	111,899	3	57,980	1
Other comprehensive income	<u>126,674</u>	<u>3</u>	<u>66,423</u>	<u>1</u>
Total comprehensive income	<u><u>\$ 127,755</u></u>	<u><u>3</u></u>	<u><u>6,390</u></u>	<u><u>-</u></u>
Earnings per share(in New Taiwan dollars)				
Basic earnings per share	<u>\$ -</u>		<u>(0.13)</u>	
Diluted earnings per share	<u>\$ -</u>		<u>(0.13)</u>	

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three-month periods from January 1 to March 31, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)

	<u>2019/1/1~2019/3/31</u>	<u>2018/1/1~2018/3/31</u>
Cash flows used in operating activities:		
Profit (loss) before tax	\$9,460	(39,115)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expenses	67,716	74,348
Amortization expenses	15,286	18,387
Expected credit loss (gain)	7,553	(2,427)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	114	(4,975)
Interest expense	891	6,206
Interest income	(15,662)	(21,321)
Share-based payments	14,536	28,787
Loss (gain) on disposal of property, plan and equipment	(31)	190
Provision (reversal of provision) for inventory obsolescence and devaluation loss	(20,688)	40,779
Amortization of long-term lease prepayments	-	406
Total adjustments to reconcile profit (loss)	<u>69,715</u>	<u>140,380</u>
Changes in operating assets and liabilities:		
Decrease in notes and accounts receivable	168,612	349,517
Decrease in accounts receivable due from related parties	158,355	87,429
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	1,696	14,228
Decrease (increase) in inventories	(446,878)	118,122
Increase in other current assets	<u>(55,462)</u>	<u>(12,557)</u>
Total changes in operating assets	<u>(173,677)</u>	<u>556,739</u>
Decrease in accounts payable	(400,503)	(401,356)
Decrease in other payable to related parties	(4,594)	(3,494)
Decrease in financial liabilities at fair value through profit or loss, mandatorily measured at fair value	(97)	-
Decrease in other current liabilities	(212,559)	(134,753)
Decrease in net defined benefit liability	<u>(27,054)</u>	<u>(53,039)</u>
Total Changes in operating liabilities	<u>(644,807)</u>	<u>(592,642)</u>
Total changes in operating assets and liabilities	<u>(818,484)</u>	<u>(35,903)</u>
Total adjustments	<u>(748,769)</u>	<u>104,477</u>
Cash inflow (outflow) generated from operations	(739,309)	65,362
Interest received	15,695	21,321
Interest paid	(1,502)	(6,206)
Income taxes paid	<u>(19,541)</u>	<u>(95,080)</u>
Net cash flows used in operating activities	<u>(744,657)</u>	<u>(14,603)</u>
Cash flows from (used in) investing activities		
Acquisition of financial assets at amortised cost	(2,082,981)	(1,095,951)
Proceeds from repayments of financial assets at amortised cost	2,273,344	969,831
Acquisition of property, plant and equipment	(12,494)	(13,725)
Proceeds from disposal of property, plant and equipment	1,171	468
Increase in refundable deposits	(603)	(37)
Acquisition of intangible assets	<u>(9,737)</u>	<u>(10,261)</u>
Net cash flows from (used in) investing activities	<u>168,700</u>	<u>(149,675)</u>
Cash flows from (used in) financing activities:		
Repayments of principal of lease liabilities	(1,682)	-
Proceeds from issuing shares	-	2,300,000
Proceeds from endowments received by the company	66	94
Net cash flows from (used in) financing activities	<u>(1,616)</u>	<u>2,300,094</u>
Effect of exchange rate changes on cash and cash equivalents	<u>81,471</u>	<u>39,533</u>
Net increase (decrease) in cash and cash equivalents	(496,102)	2,175,349
Cash and cash equivalents at beginning of period	<u>2,529,283</u>	<u>2,662,100</u>
Cash and cash equivalents at end of period	<u><u>\$2,033,181</u></u>	<u><u>4,837,449</u></u>