

**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheet**  
**June 30, 2019, December 31 and June 30, 2018**  
**(Expressed in thousands of New Taiwan dollars)**

Assets	2019/6/30		2018/12/31		2018/6/30	
	Amount	%	Amount	%	Amount	%
<b>Current assets :</b>						
Cash and cash equivalents	\$ 2,134,425	15	2,529,283	17	2,749,520	18
Current financial assets at fair value through profit or loss	11,264	-	1,696	-	1,420	-
Current financial assets at amortised cost	3,532,784	25	3,888,894	26	4,492,656	29
Notes and accounts receivable, net	1,551,963	11	1,320,616	9	1,660,065	11
Accounts receivable due from related parties, net	659,997	4	847,888	6	792,968	5
Inventories	3,687,593	26	3,722,304	25	2,925,854	19
Other current assets	257,388	2	206,360	1	259,586	2
	<u>11,835,414</u>	<u>83</u>	<u>12,517,041</u>	<u>84</u>	<u>12,882,069</u>	<u>84</u>
<b>Non-current assets :</b>						
Non-current financial assets at fair value through other comprehensive income	134,036	1	127,176	1	146,701	1
Non-current financial assets at amortised cost	22,457	-	21,090	-	21,185	-
Property, plant and equipment	1,758,158	12	1,859,589	12	1,976,155	13
Right-of-use asset	256,450	2	-	-	-	-
Intangible assets	192,129	1	204,719	1	196,459	1
Deferred tax assets	130,794	1	130,760	1	57,381	-
Long-term lease prepayments	-	-	63,808	1	66,480	1
Other non-current assets	13,324	-	4,892	-	10,763	-
	<u>2,507,348</u>	<u>17</u>	<u>2,412,034</u>	<u>16</u>	<u>2,475,124</u>	<u>16</u>
<b>Total assets</b>	<b>\$ 14,342,762</b>	<b>100</b>	<b>14,929,075</b>	<b>100</b>	<b>15,357,193</b>	<b>100</b>

Liabilities and Equity	2019/6/30		2018/12/31		2018/6/30	
	Amount	%	Amount	%	Amount	%
<b>Current liabilities :</b>						
Current borrowings	\$ -	-	-	-	6	-
Current financial liabilities at fair value through profit or loss	1,030	-	97	-	25,534	-
Accounts payable	2,075,567	15	2,882,699	19	2,864,743	19
Accrued expenses	319,333	2	405,172	3	321,647	2
Dividends payable	543,262	4	-	-	543,743	4
Other payables to related parties	2,684	-	4,708	-	3,984	-
Current tax liabilities	75,000	-	39,758	-	74,107	-
Current provisions	197,164	1	206,130	2	215,752	2
Current lease liabilities	8,060	-	-	-	-	-
Other current liabilities	569,059	4	634,590	4	639,776	4
	<u>3,791,159</u>	<u>26</u>	<u>4,173,154</u>	<u>28</u>	<u>4,689,292</u>	<u>31</u>
<b>Non-current liabilities :</b>						
Deferred tax liabilities	66,563	-	66,563	-	50,340	-
Non-current lease liabilities	202,789	2	-	-	-	-
Net defined benefit liabilities	268,579	2	294,883	2	288,622	2
Other non-current liabilities	1,581	-	724	-	744	-
	<u>539,512</u>	<u>4</u>	<u>362,170</u>	<u>2</u>	<u>339,706</u>	<u>2</u>
<b>Total liabilities</b>	<b>4,330,671</b>	<b>30</b>	<b>4,535,324</b>	<b>30</b>	<b>5,028,998</b>	<b>33</b>
<b>Equity :</b>						
Ordinary share	5,431,287	38	5,435,172	37	5,439,527	35
Share capital awaiting retirement	(700)	-	-	-	-	-
	<u>5,430,587</u>	<u>38</u>	<u>5,435,172</u>	<u>37</u>	<u>5,439,527</u>	<u>35</u>
Capital surplus	3,018,745	21	3,557,356	24	3,547,104	23
Retained earnings :						
Legal reserve	1,107,188	8	1,107,188	7	1,107,188	7
Special reserve	627,926	4	226,968	2	226,968	2
Unappropriated retained earnings	432,065	3	765,485	5	634,021	4
	<u>2,167,179</u>	<u>15</u>	<u>2,099,641</u>	<u>14</u>	<u>1,968,177</u>	<u>13</u>
Other equity interest	(604,420)	(4)	(698,418)	(5)	(623,117)	(4)
Treasury shares	-	-	-	-	(3,496)	-
<b>Total equity</b>	<b>10,012,091</b>	<b>70</b>	<b>10,393,751</b>	<b>70</b>	<b>10,328,195</b>	<b>67</b>
<b>Total liabilities and equity</b>	<b>\$ 14,342,762</b>	<b>100</b>	<b>14,929,075</b>	<b>100</b>	<b>15,357,193</b>	<b>100</b>

**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
For the six-month periods from January 1 to June 30, 2019 and 2018  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	2019/4/1~2019/6/30		2018/4/1~2018/6/30		2019/1/1~2019/6/30		2018/1/1~2018/6/30	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating revenue</b>	\$ 3,949,436	100	3,949,758	100	7,165,290	100	7,938,306	100
<b>Operating costs</b>	3,221,125	82	3,532,030	89	5,909,123	82	7,019,895	88
<b>Gross profit from operations</b>	728,311	18	417,728	11	1,256,167	18	918,411	12
<b>Operating expenses :</b>								
Selling expenses	122,151	3	111,111	3	218,629	3	218,887	3
Administrative expenses	150,301	4	148,150	4	276,502	4	295,766	4
Research and development expenses	367,041	9	328,402	8	678,720	10	639,737	8
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	7,174	-	1,139	-	14,727	-	(1,289)	-
<b>Total operating expenses</b>	646,667	16	588,802	15	1,188,578	17	1,153,101	15
<b>Net operating income (loss)</b>	81,644	2	(171,074)	(4)	67,589	1	(234,690)	(3)
<b>Non-operating income and expenses :</b>								
Other income	29,610	1	32,615	1	60,602	1	72,643	1
Other gains and losses	16,864	-	(12,797)	-	10,278	-	(22,118)	-
Finance costs	(911)	-	(168)	-	(1,802)	-	(6,374)	-
<b>Total non-operating income and expenses</b>	45,563	1	19,650	1	69,078	1	44,151	1
<b>Profit (loss) before tax</b>	127,207	3	(151,424)	(3)	136,667	2	(190,539)	(2)
<b>Tax expenses</b>	43,085	1	12,034	-	51,464	1	32,952	1
<b>Profit (loss)</b>	84,122	2	(163,458)	(3)	85,203	1	(223,491)	(3)
<b>Other comprehensive income:</b>								
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>								
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(7,915)	-	26,385	1	6,860	-	34,828	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
Exchange differences on translation	(53,833)	(1)	(50,007)	(1)	58,066	1	7,973	-
<b>Other comprehensive income, net</b>	(61,748)	(1)	(23,622)	-	64,926	1	42,801	-
<b>Total comprehensive income</b>	<b>\$ 22,374</b>	<b>1</b>	<b>(187,080)</b>	<b>(3)</b>	<b>150,129</b>	<b>2</b>	<b>(180,690)</b>	<b>(3)</b>
<b>Earnings per share(in New Taiwan dollars)</b>								
Basic earnings per share	\$ 0.16		(0.31)		0.16		(0.45)	
Diluted earnings per share	\$ 0.16		(0.31)		0.16		(0.45)	

**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
For the six-month periods from January 1 to June 30, 2019 and 2018  
(Expressed in thousands of New Taiwan dollars)

	<b>2019/1/1~2019/6/30</b>	<b>2018/1/1~2018/6/30</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$136,667	(190,539)
<b>Adjustments</b>		
<b>Adjustments to reconcile profit (loss)</b>		
Depreciation expenses	135,330	147,062
Amortization expenses	31,261	35,325
Expected credit loss (gain)	14,727	(1,289)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(10,234)	24,114
Interest expense	1,802	6,374
Interest income	(31,739)	(34,362)
Share-based payments	29,072	57,574
Gain on disposal of property, plant and equipment	-	(1,038)
Provision (reversal of provision) for inventory obsolescence and devaluation loss	(48,103)	99,038
Amortization of long-term lease prepayments	-	818
<b>Total adjustments to reconcile profit (loss)</b>	<b>122,116</b>	<b>333,616</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in notes and accounts receivable	(246,074)	186,339
Decrease in accounts receivable due from related parties	187,891	321,515
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	1,696	14,228
Decrease in inventories	82,814	358,104
Decrease (increase) in other current assets	(50,366)	21,957
<b>Total changes in operating assets</b>	<b>(24,039)</b>	<b>902,143</b>
Decrease in accounts payable	(807,132)	(243,074)
Decrease in other payable to related parties	(2,024)	(2,189)
Decrease in financial liabilities at fair value through profit or loss, mandatorily measured at fair value	(97)	-
Decrease in other current liabilities	(145,257)	(160,146)
Decrease in net defined benefit liability	(26,304)	(51,889)
<b>Total Changes in operating liabilities</b>	<b>(980,814)</b>	<b>(457,298)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(1,004,853)</b>	<b>444,845</b>
<b>Total adjustments</b>	<b>(882,737)</b>	<b>778,461</b>
Cash inflow (outflow) generated from operations	(746,070)	587,922
Interest received	31,786	34,362
Interest paid	(1,802)	(6,374)
Income taxes paid	(31,301)	(145,559)
<b>Cash flows from (used in) operating activities</b>	<b>(747,387)</b>	<b>470,351</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of financial assets at amortised cost	(3,650,531)	(4,443,225)
Proceeds from repayments of financial assets at amortised cost	4,005,932	1,816,334
Acquisition of property, plant and equipment	(21,849)	(34,625)
Proceeds from disposal of property, plant and equipment	-	2,387
Increase in refundable deposits	(1,367)	(203)
Acquisition of intangible assets	(19,183)	(21,169)
<b>Net cash flows from (used in) investing activities</b>	<b>313,002</b>	<b>(2,680,501)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in guarantee deposits received	857	(56)
Repayments of principal of lease liabilities	(3,605)	-
Proceeds from issuing shares	-	2,300,000
Proceeds from endowments received by the company	66	94
<b>Net cash flows from (used in) financing activities</b>	<b>(2,682)</b>	<b>2,300,038</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>42,209</b>	<b>(2,468)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(394,858)</b>	<b>87,420</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,529,283</b>	<b>2,662,100</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$2,134,425</b>	<b>2,749,520</b>