

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

Assets	2019/9/30		2018/12/31		2018/9/30	
	Amount	%	Amount	%	Amount	%
Current assets :						
Cash and cash equivalents	\$ 2,357,077	16	2,529,283	17	2,202,713	15
Current financial assets at fair value through profit or loss	1,796	-	1,696	-	4,434	-
Current financial assets at amortised cost	3,347,138	23	3,888,894	26	4,207,470	29
Notes and accounts receivable, net	1,509,480	11	1,320,616	9	1,278,593	9
Accounts receivable due from related parties, net	717,112	5	847,888	6	882,504	6
Inventories	3,745,032	26	3,722,304	25	3,487,753	24
Other current assets	299,946	2	206,360	1	250,084	2
	<u>11,977,581</u>	<u>83</u>	<u>12,517,041</u>	<u>84</u>	<u>12,313,551</u>	<u>85</u>
Non-current assets :						
Non-current financial assets at fair value through other comprehensive income	128,231	1	127,176	1	122,954	1
Non-current financial assets at amortised cost	24,639	-	21,090	-	20,904	-
Property, plant and equipment	1,677,367	12	1,859,589	12	1,887,324	13
Right-of-use asset	251,402	2	-	-	-	-
Intangible assets	195,373	1	204,719	1	190,739	1
Deferred tax assets	130,775	1	130,760	1	57,369	-
Long-term lease prepayments	-	-	63,808	1	63,831	-
Other non-current assets	16,335	-	4,892	-	10,784	-
	<u>2,424,122</u>	<u>17</u>	<u>2,412,034</u>	<u>16</u>	<u>2,353,905</u>	<u>15</u>
Total assets	\$ 14,401,703	100	14,929,075	100	14,667,456	100

Liabilities and Equity	2019/9/30		2018/12/31		2018/9/30	
	Amount	%	Amount	%	Amount	%
Liabilities and Equity						
Current liabilities :						
Current borrowings	\$ -	-	-	-	6	-
Current financial liabilities at fair value through profit or loss	1,102	-	97	-	55	-
Accounts payable	2,718,142	19	2,882,699	19	2,926,151	20
Accounts payable to related parties	-	-	-	-	228	-
Accrued expenses	358,074	2	405,172	3	351,279	2
Other payables to related parties	2,639	-	4,708	-	4,219	-
Current tax liabilities	79,791	1	39,758	-	57,807	-
Current provisions	196,151	1	206,130	2	207,680	2
Current lease liabilities	8,118	-	-	-	-	-
Other current liabilities	568,591	4	634,590	4	567,554	4
	<u>3,932,608</u>	<u>27</u>	<u>4,173,154</u>	<u>28</u>	<u>4,114,979</u>	<u>28</u>
Non-current liabilities :						
Deferred tax liabilities	71,355	-	66,563	-	50,340	-
Non-current lease liabilities	200,730	2	-	-	-	-
Net defined benefit liabilities	269,329	2	294,883	2	289,772	2
Other non-current liabilities	1,974	-	724	-	719	-
	<u>543,388</u>	<u>4</u>	<u>362,170</u>	<u>2</u>	<u>340,831</u>	<u>2</u>
Total liabilities	4,475,996	31	4,535,324	30	4,455,810	30
Equity :						
Ordinary share	5,428,907	38	5,435,172	37	5,439,527	37
Share capital awaiting retirement	(224)	-	-	-	2,255	-
	<u>5,428,683</u>	<u>38</u>	<u>5,435,172</u>	<u>37</u>	<u>5,437,272</u>	<u>37</u>
Capital surplus	2,998,974	21	3,557,356	24	3,558,694	24
Retained earnings :						
Legal reserve	1,107,188	8	1,107,188	7	1,107,188	8
Special reserve	627,926	4	226,968	2	226,968	2
Unappropriated retained earnings	519,806	3	765,485	5	655,686	4
	<u>2,254,920</u>	<u>15</u>	<u>2,099,641</u>	<u>14</u>	<u>1,989,842</u>	<u>14</u>
Other equity interest	(756,870)	(5)	(698,418)	(5)	(770,666)	(5)
Treasury shares	-	-	-	-	(3,496)	-
	<u>9,925,707</u>	<u>69</u>	<u>10,393,751</u>	<u>70</u>	<u>10,211,646</u>	<u>70</u>
Total equity	\$ 14,401,703	100	14,929,075	100	14,667,456	100
Total liabilities and equity	\$ 14,401,703	100	14,929,075	100	14,667,456	100

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three-month periods from July 1 to September 30, 2019 and 2018, and the nine-month periods from January 1 to September 30, 2019 and 2018
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	2019/7/1~2019/9/30		2018/7/1~2018/9/30		2019/1/1~2019/9/30		2018/1/1~2018/9/30	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue	\$ 3,982,148	100	3,584,193	100	11,147,438	100	11,522,499	100
Operating costs	3,326,535	84	3,063,366	85	9,235,658	83	10,083,261	88
Gross profit from operations	655,613	16	520,827	15	1,911,780	17	1,439,238	12
Operating expenses :								
Selling expenses	102,841	2	104,830	3	321,470	3	323,717	3
Administrative expenses	145,880	4	149,412	4	422,382	4	445,178	4
Research and development expenses	343,224	9	312,530	9	1,021,944	9	952,267	8
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(1,602)	-	(27,168)	(1)	13,125	-	(28,457)	-
Total operating expenses	590,343	15	539,604	15	1,778,921	16	1,692,705	15
Net operating income (loss)	65,270	1	(18,777)	0	132,859	1	(253,467)	(3)
Non-operating income and expenses :								
Other income	35,742	1	30,135	1	96,344	1	102,778	1
Other gains and losses	13,464	-	11,538	-	23,742	-	(10,580)	-
Finance costs	(824)	-	(36)	-	(2,626)	-	(6,410)	-
Total non-operating income and expenses	48,382	1	41,637	1	117,460	1	85,788	1
Profit (loss) before tax	113,652	2	22,860	1	250,319	2	(167,679)	(2)
Tax expenses	25,911	-	1,195	-	77,375	-	34,147	-
Profit (loss)	87,741	2	21,665	1	172,944	2	(201,826)	- 2
Other comprehensive income:								
Components of other comprehensive income that will not be reclassified to profit or loss								
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(5,805)	-	(23,747)	(1)	1,055	-	11,081	-
Components of other comprehensive income that will be reclassified to profit or loss								
Exchange differences on translation	(165,265)	(4)	(148,859)	(4)	(107,199)	(1)	(140,886)	(1)
Other comprehensive income, net	(171,070)	(4)	(172,606)	(5)	(106,144)	(1)	(129,805)	(1)
Total comprehensive income	-\$ 83,329.00	(2)	(150,941)	(4)	66,800	1	(331,631)	(3)
Earnings per share(in New Taiwan dollars)								
Basic earnings per share	\$ 0.16		0.04		0.32		(0.40)	
Diluted earnings per share	\$ 0.16		0.04		0.32		(0.40)	

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended September 30, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)

	<u>2019/1/1~2019/9/30</u>	<u>2018/1/1~2018/9/30</u>
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$250,319	(167,679)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expenses	200,437	217,178
Amortization expenses	48,190	51,851
Expected credit loss (gain)	13,125	(28,457)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(694)	(4,379)
Interest expense	2,626	6,410
Interest income	(47,499)	(49,694)
Dividend income	(2,111)	-
Share-based payments	26,017	91,966
Gain on disposal of property, plant and equipment	54	(790)
Provision (reversal of provision) for inventory obsolescence and devaluation loss	(71,459)	166,756
Amortization of long-term lease prepayments	-	1,214
Other adjustments to reconcile profit (loss)	7	59
Total adjustments to reconcile profit (loss)	<u>168,693</u>	<u>452,114</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	(201,989)	574,212
Decrease in accounts receivable due from related parties	130,776	252,746
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	1,696	14,228
Decrease in inventories	48,731	(271,513)
Decrease (increase) in other current assets	(85,241)	33,274
Total changes in operating assets	<u>(106,027)</u>	<u>602,947</u>
Decrease in accounts payable	(164,557)	(181,666)
Decrease in other payable to related parties	-	228
Increase (Decrease) in other payables to related parties	(2,069)	(1,954)
Decrease in financial liabilities at fair value through profit or loss, mandatorily measured at fair value	(97)	-
Decrease in other current liabilities	(107,065)	(216,975)
Decrease in net defined benefit liability	(25,554)	(50,739)
Total Changes in operating liabilities	<u>(299,342)</u>	<u>(451,106)</u>
Total changes in operating assets and liabilities	<u>(405,369)</u>	<u>151,841</u>
Total adjustments	<u>(236,676)</u>	<u>603,955</u>
Cash inflow (outflow) generated from operations	13,643	436,276
Interest received	47,614	49,676
Dividends received	2,111	-
Interest paid	(2,626)	(6,410)
Income taxes paid	(48,561)	(144,056)
Cash flows from (used in) operating activities	<u>12,181</u>	<u>335,486</u>
Cash flows from (used in) investing activities		
Acquisition of financial assets at amortised cost	(5,503,834)	(5,534,658)
Proceeds from repayments of financial assets at amortised cost	6,037,130	3,178,337
Acquisition of property, plant and equipment	(47,437)	(64,377)
Proceeds from disposal of property, plant and equipment	575	3,029
Increase in refundable deposits	(3,549)	78
Acquisition of intangible assets	(39,565)	(26,784)
Net cash flows from (used in) investing activities	<u>443,320</u>	<u>(2,444,375)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in guarantee deposits received	1,250	(81)
Repayments of principal of lease liabilities	(5,589)	-
Cash dividends paid	(543,262)	(543,743)
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>(547,535)</u>	<u>1,756,270</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(80,172)</u>	<u>(106,768)</u>
Net increase (decrease) in cash and cash equivalents	(172,206)	(459,387)
Cash and cash equivalents at beginning of period	2,529,283	2,662,100
Cash and cash equivalents at end of period	<u><u>\$2,357,077</u></u>	<u><u>2,202,713</u></u>