

**ASolid Technology Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2019 and 2018 and
Independent Auditors' Review Report**

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2019 (Reviewed)		December 31, 2018 (Audited)		March 31, 2018 (Reviewed)			March 31, 2019 (Reviewed)		December 31, 2018 (Audited)		March 31, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS													
CURRENT ASSETS													
Cash and cash equivalents	\$ 320,711	26	\$ 370,957	28	\$ 163,291	12		\$ 123,280	10	\$ 112,160	9	\$ 255,058	19
Financial assets at amortized cost-current	5,077	1	5,073	-	5,063	1		51,263	4	8,787	1	52,986	4
Note receivable – Net	-	-	9	-	-	-		95	-	-	-	1,229	-
Trade receivable, from unrelated parties	296,642	24	284,745	22	227,999	17		67,421	6	229,802	17	144,317	11
Other receivables	17,178	1	6,065	-	13,051	1		54,708	4	58,090	4	45,701	4
Current tax assets	-	-	25	-	-	-		9,484	1	8,572	1	2,012	-
Inventories	392,058	32	458,678	35	692,883	52		3,214	-	717	-	177	-
Prepayments	25,487	2	28,886	2	52,543	4		309,465	25	418,128	32	501,480	38
Other current assets	10,352	1	5,621	-	4,838	-							
Total current assets	1,067,505	87	1,160,059	87	1,159,668	87							
NON-CURRENT ASSETS													
Property, plant and equipment	90,115	7	91,024	7	93,632	7		4,083	1	3,585	-	2,759	-
Goodwill	18,576	2	18,576	2	22,951	2		114	-	114	-	114	-
Other intangible assets	32,865	3	40,249	3	48,489	3		4,197	1	3,699	-	2,873	-
Deferred tax assets	15,533	1	14,866	1	8,549	1							
Other non-current assets	1,679	-	1,435	-	1,387	-							
Total non-current assets	158,768	13	166,150	13	175,008	13							
TOTAL ASSETS													
	\$ 1,226,273	100	\$ 1,326,209	100	\$ 1,334,676	100							
LIABILITIES AND EQUITY													
CURRENT LIABILITIES													
Short-term borrowings													
Contract liability-current													
Notes payable to unrelated parties													
Trade payable to unrelated parties													
Other payables													
Current tax liabilities													
Other current liabilities													
Total current liabilities													
NON-CURRENT LIABILITIES													
Deferred tax liabilities													
Guarantee deposits received													
Total non-current liabilities													
Total liabilities													
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY													
Ordinary shares													
Capital surplus													
Additional paid-in capital													
Employee share options													
Total capital surplus													
Retained earnings													
Legal reserve													
Unappropriated retained earnings													
Total retained earnings													
Other equity													
Total equity attributable to owner of the company													
NON-CONTROLLING INTERESTS													
Total equity													
TOTAL LIABILITIES AND EQUITY													
	\$ 1,226,273	100	\$ 1,326,209	100	\$ 1,334,676	100		\$ 1,226,273	100	\$ 1,326,209	100	\$ 1,334,676	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 7, 2019)

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31,2019		For the Three Months Ended March 31,2018	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 252,760	100	\$ 224,351	100
OPERATING COSTS	<u>(136,708)</u>	<u>(54)</u>	<u>(131,374)</u>	<u>(58)</u>
GROSS PROFIT	<u>116,052</u>	<u>46</u>	<u>92,977</u>	<u>42</u>
OPERATING EXPENSES				
Selling and marketing	(18,105)	(7)	(14,939)	(7)
General and administrative	(19,356)	(8)	(17,997)	(8)
Research and development	(65,219)	(26)	(60,872)	(27)
Expected credit loss	<u>(6,000)</u>	<u>(2)</u>	<u>(662)</u>	<u>-</u>
Total operating expenses	<u>(108,680)</u>	<u>(43)</u>	<u>(94,470)</u>	<u>(42)</u>
PROFIT (LOSS) FROM PERATIONS	<u>7,372</u>	<u>3</u>	<u>(1,493)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	452	-	195	-
Other gains and losses	1,584	1	1,432	1
Financial costs	<u>(953)</u>	<u>(1)</u>	<u>(1,065)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,083</u>	<u>-</u>	<u>562</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	8,455	3	(931)	-
INCOME TAX (EXPENSE)BENEFIT	<u>(1,500)</u>	<u>-</u>	<u>675</u>	<u>-</u>
NET INCOME(LOSS) FOR THE PERIOD	<u>6,955</u>	<u>3</u>	<u>(256)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$6,955</u>	<u>3</u>	<u>\$(256)</u>	<u>-</u>
NET INCOME(LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$8,105	3	\$1,563	1
Non-controlling interests	<u>(1,150)</u>	<u>-</u>	<u>(1,819)</u>	<u>(1)</u>
	<u>\$6,955</u>	<u>3</u>	<u>\$(256)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$8,105	3	\$1,563	1
Non-controlling interests	<u>(1,150)</u>	<u>-</u>	<u>(1,819)</u>	<u>(1)</u>
	<u>\$6,955</u>	<u>3</u>	<u>\$(256)</u>	<u>-</u>
EARNINGS PER SHARE				
Basic	<u>\$0.24</u>		<u>\$0.05</u>	
Diluted	<u>\$0.23</u>		<u>\$0.04</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated May 7, 2019)

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company								
	Share Capital		Capital surplus		Retained Earnings		Other Equity		
	Shares (In thousands)	Capital Share	Additional Paid-in Capital	Employee Share Options	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2018	\$ 34,223	\$ 342,231	\$ 389,626	\$ 4,954	\$ 41,593	\$ 34,256	\$ 5	\$ 16,024	\$ 828,689
Net profit for the three months ended March 31, 2018	-	-	-	-	-	1,563	-	(1,819)	(256)
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	1,563	-	(1,819)	(256)
Other changes in capital surplus									
Recognition of employee share options by the Company	-	-	-	1,890	-	-	-	-	1,890
BALANCE, MARCH 31, 2018	<u>34,223</u>	<u>\$ 342,231</u>	<u>\$ 389,626</u>	<u>\$ 6,884</u>	<u>\$ 41,593</u>	<u>\$ 35,819</u>	<u>\$ 5</u>	<u>\$ 14,205</u>	<u>\$ 830,323</u>
BALANCE, JANUARY 1, 2019	34,223	\$ 342,231	\$ 389,626	\$ 12,515	\$ 41,593	\$ 109,369	\$ 8	\$ 9,040	\$ 904,382
Net profit for the three months ended March 31, 2019	-	-	-	-	-	8,105	-	(1,150)	6,955
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	8,105	-	(1,150)	6,955
Other changes in capital surplus									
Recognition of employee share options by the Company	-	-	-	1,274	-	-	-	-	1,274
BALANCE, MARCH 31, 2019	<u>\$ 34,223</u>	<u>\$ 342,231</u>	<u>\$ 389,626</u>	<u>\$ 13,789</u>	<u>\$ 41,593</u>	<u>\$ 117,474</u>	<u>\$ 8</u>	<u>\$ 7,890</u>	<u>\$ 912,611</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated May 7, 2019)

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	\$ 8,455	\$ (931)
Depreciation expenses	1,953	2,205
Amortization expenses	8,733	8,570
Expected credit losses	6,000	662
Finance costs	953	1,065
Interest income	(10)	(10)
Compensation cost of employee share options	1,274	1,890
Unrealized foreign exchange loss (gain)	(2,278)	(1,117)
Changes in operating assets and liabilities:		
Notes receivables	9	95
Trade receivables	(16,870)	(31,469)
Other receivables	(11,113)	7,218
Inventories	66,620	(365,896)
Prepayments	3,362	(21,241)
Other current assets	(4,731)	51
Contract liability	42,476	21,708
Notes payable	95	1,229
Trade payables	(162,582)	72,638
Other payables	(3,382)	(8,002)
Other current liabilities	2,497	(85)
Cash generated from operations	(58,539)	(311,420)
Interest paid	(953)	(1,065)
Income tax paid	(695)	(66)
Net cash generated from (used in) operating activities	(60,187)	(312,551)
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at amortized cost	-	(3,000)
Payments for property, plant and equipment	(1,753)	(1,174)
Proceeds from sale of property, plant and equipment	711	-
Increase in refundable deposits	(244)	(85)
Payments for intangible assets	(1,524)	(1,340)
Proceeds from sale of intangible assets	175	-
Interest received	6	6
Net cash generated from (used in) investing activities	(2,629)	(5,593)

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ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	\$ 193,924	\$ 236,329
Decrease in short-term loans	<u>(183,543)</u>	<u>(55,020)</u>
Net cash generated from (used in) financing activities	<u>10,381</u>	<u>181,309</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>2,189</u>	<u>(242)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,246)	(137,077)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>370,957</u>	<u>300,368</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 320,711</u>	<u>\$ 163,291</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

(With Deloitte & Touche review report dated May 7, 2019)