

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

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2019 and 2018 and  
Independent Auditors' Review Report**

# ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 375,323	28	\$ 370,957	28	\$ 214,954	17
Financial assets at amortized cost-current	5,081	1	5,073	-	5,066	-
Note receivable – Net	-	-	9	-	112	-
Trade receivable, from unrelated parties	317,695	24	284,745	22	161,043	13
Other receivables	5,783	1	6,065	-	6,119	-
Current tax assets	18	-	25	-	-	-
Inventories	387,103	29	458,678	35	651,276	51
Prepayments	52,873	4	28,886	2	74,673	6
Other current assets	3,044	-	5,621	-	4,987	-
Total current assets	<u>1,146,920</u>	<u>87</u>	<u>1,160,059</u>	<u>87</u>	<u>1,118,230</u>	<u>87</u>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	89,774	7	91,024	7	92,346	7
Goodwill	18,576	1	18,576	2	22,951	2
Other intangible assets	52,695	4	40,249	3	43,121	3
Deferred tax assets	15,533	1	14,866	1	9,394	1
Other non-current assets	1,810	-	1,435	-	1,387	-
Total non-current assets	<u>178,388</u>	<u>13</u>	<u>166,150</u>	<u>13</u>	<u>169,199</u>	<u>13</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,325,308</u>	<u>100</u>	<u>\$1,326,209</u>	<u>100</u>	<u>\$ 1,287,429</u>	<u>100</u>

	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings	\$ 177,042	13	\$ 112,160	9	\$ 165,070	13
Contract liability-current	13,174	1	8,787	1	8,613	1
Notes payable to unrelated parties	-	-	-	-	945	-
Trade payable to unrelated parties	113,201	9	229,802	17	210,166	16
Other payables	80,224	6	58,090	4	51,621	4
Current tax liabilities	7,245	1	8,572	1	2,004	-
Other current liabilities	259	-	717	-	377	-
Total current liabilities	<u>391,145</u>	<u>30</u>	<u>418,128</u>	<u>32</u>	<u>438,796</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	4,083	-	3,585	-	4,019	-
Guarantee deposits received	114	-	114	-	114	-
Total non-current liabilities	<u>4,197</u>	<u>-</u>	<u>3,699</u>	<u>-</u>	<u>4,133</u>	<u>-</u>
Total liabilities	<u>395,342</u>	<u>30</u>	<u>421,827</u>	<u>32</u>	<u>442,929</u>	<u>34</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
Share capital						
Ordinary shares	342,231	26	342,231	26	342,231	27
Capital collected in advance	270	-	-	-	-	-
Stock divided to be distributed	51,334	4	-	-	-	-
Total share capital	<u>393,835</u>	<u>30</u>	<u>342,231</u>	<u>26</u>	<u>342,231</u>	<u>27</u>
Capital surplus						
Additional paid-in capital	390,344	30	389,626	29	389,626	30
Employee share options	15,062	1	12,515	1	8,735	1
Total capital surplus	<u>405,406</u>	<u>31</u>	<u>402,141</u>	<u>30</u>	<u>398,361</u>	<u>31</u>
Retained earnings						
Legal reserve	49,104	4	41,593	3	41,593	3
Unappropriated retained earnings	74,739	5	109,369	8	49,047	4
Total retained earnings	<u>123,843</u>	<u>9</u>	<u>150,962</u>	<u>11</u>	<u>90,640</u>	<u>7</u>
Other equity	8	-	8	-	5	-
Total equity attributable to owner of the company	<u>923,092</u>	<u>70</u>	<u>895,342</u>	<u>67</u>	<u>831,237</u>	<u>65</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>6,874</u>	<u>-</u>	<u>9,040</u>	<u>1</u>	<u>13,263</u>	<u>1</u>
Total equity	<u>929,966</u>	<u>70</u>	<u>904,382</u>	<u>68</u>	<u>844,500</u>	<u>66</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 1,325,308</u>	<u>100</u>	<u>\$ 1,326,209</u>	<u>100</u>	<u>\$ 1,287,429</u>	<u>100</u>

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

(With Deloitte & Touche review report dated August 12, 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 June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 275,622	100	\$ 288,434	100	\$ 528,382	100	\$ 512,785	100
OPERATING COSTS	(140,034)	(51)	(173,267)	(60)	(276,742)	(52)	(304,641)	(59)
GROSS PROFIT	135,588	49	115,167	40	251,640	48	208,144	41
OPERATING EXPENSES								
Selling and marketing	(19,567)	(7)	(18,041)	(6)	(37,672)	(7)	(32,980)	(7)
General and administrative	(19,807)	(7)	(19,397)	(7)	(39,163)	(8)	(37,394)	(7)
Research and development	(74,036)	(27)	(71,323)	(25)	(139,255)	(26)	(132,195)	(26)
Expected credit loss	-	-	-	-	(6,000)	(1)	(662)	-
Total operating expenses	(113,410)	(41)	(108,761)	(38)	(222,090)	(42)	(203,231)	(40)
PROFIT FROM PERATIONS	22,178	8	6,406	2	29,550	6	4,913	1
NON-OPERATING INCOME AND EXPENSES								
Other income	63	-	298	-	515	-	493	-
Other gains and losses	1,107	-	7,250	2	2,691	-	8,682	2
Financial costs	(1,304)	-	(1,256)	-	(2,257)	-	(2,321)	(1)
Total non-operating income and expenses	(134)	-	6,292	2	949	-	6,854	1
PROFIT BEFORE INCOME TAX	22,044	8	12,698	4	30,499	6	11,767	2
INCOME TAX (EXPENSE) BENEFIT	(6,950)	(3)	(412)	-	(8,450)	(2)	263	-
NET INCOME FOR THE PERIOD	15,094	5	12,286	4	22,049	4	12,030	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$15,094	5	\$12,286	4	\$22,049	4	\$12,030	2
NET INCOME ( LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$16,110	6	\$13,228	4	\$24,215	4	\$14,791	3
Non-controlling interests	(1,016)	(1)	(942)	-	(2,166)	-	(2,761)	(1)
	\$15,094	5	\$12,286	4	\$22,049	4	\$12,030	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$16,110	6	\$13,228	4	\$24,215	4	\$14,791	3
Non-controlling interests	(1,016)	(1)	(942)	-	(2,166)	-	(2,761)	(1)
	\$15,094	5	\$12,286	4	\$22,049	4	\$12,030	2
EARNINGS PER SHARE								
Basic	\$0.47		\$0.39		\$0.71		\$0.43	
Diluted	\$0.47		\$0.38		\$0.70		\$0.42	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated August 12, 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								Other Equity		
	Share Capital				Capital surplus		Retained Earnings		Exchange Differences on	Non-controlling	Total
	Shares (In thousands)	Capital Share	Capital collected in advance	Stock dividend To be distributed	Additional Paid-in Capital	Employee Share Options	Legal Reserve	Unappropriated Earnings	Translating Foreign Operations	Interests	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 six months ended June 30, 2018	-	-	-	-	-	-	-	14,791	-	(2,761)	12,030
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	-	-	14,791	-	(2,761)	12,030
Other changes in capital surplus											
Recognition of employee share options by the Company	-	-	-	-	-	3,781	-	-	-	-	3,781
BALANCE, JUNE 30, 2018	34,223	\$ 342,231	\$ -	\$ -	\$ 389,626	\$ 8,735	\$ 41,593	\$ 49,047	\$ 5	\$ 13,263	\$ 844,500
BALANCE, JANUARY 1, 2019	34,223	\$ 342,231	\$ -	\$ -	\$ 389,626	\$ 12,515	\$ 41,593	\$ 109,369	\$ 8	\$ 9,040	\$ 904,382
Appropriations of 2018 earnings											
Legal reserve	-	-	-	-	-	-	7,511	(7,511)	-	-	-
Share dividends distributed by the Company	-	-	-	51,334	-	-	-	(51,334)	-	-	-
Net profit for the six months ended June 30, 2019	-	-	-	-	-	-	-	24,215	-	(2,166)	22,049
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	-	-	-	24,215	-	(2,166)	22,049
Other changes in capital surplus											
Recognition of employee share options by the Company	-	-	-	-	-	2,547	-	-	-	-	2,547
Issue of ordinary shares under employee share options	-	-	270	-	718	-	-	-	-	-	988
BALANCE, JUNE 30, 2019	34,223	\$ 342,231	\$ 270	\$ 51,334	\$ 390,344	\$ 15,062	\$ 49,104	\$ 74,739	\$ 8	\$ 6,874	\$ 929,966

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

(With Deloitte & Touche review report dated August 12, 2019)

# ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 30,499	\$ 11,767
Depreciation expenses	3,969	4,374
Amortization expenses	16,078	17,020
Expected credit losses	6,000	662
Finance costs	2,257	2,321
Interest income	(244)	(150)
Compensation cost of employee share options	2,547	3,781
Gain for market price decline and obsolete and slow-moving inventories	-	(2,400)
Unrealized foreign exchange gain	(4,712)	(3,195)
Others	-	9
Changes in operating assets and liabilities:		
Notes receivables	9	(17)
Trade receivables	(37,955)	38,929
Other receivables	282	15,463
Inventories	71,575	(321,889)
Other current assets	2,577	(98)
Prepayments	(25,392)	(43,343)
Contract liability	4,387	(22,665)
Notes payable	-	945
Trade payables	(117,184)	134,014
Other payables	22,134	(2,082)
Other current liabilities	(458)	115
Cash generated from operations	(23,631)	(166,439)
Interest paid	(2,257)	(2,321)
Income tax paid	(8,534)	(71)
Net cash generated from (used in) operating activities	(34,422)	(168,831)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Financial assets at amortized cost	-	(3,000)
Payments for property, plant and equipment	(3,429)	(2,059)
Proceeds from sale of property, plant and equipment	711	-
Increase in refundable deposits	(375)	(85)
Payments for intangible assets	(28,699)	(4,431)
Proceeds from sale of intangible assets	175	-
Interest received	236	143
Net cash generated from (used in) investing activities	(31,381)	(9,432)

(Continued)

# 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	\$ 387,429	\$ 414,574
Decrease in short-term loans	(322,019)	(327,389)
Exercise of employee share options	988	-
Net cash generated from (used in) financing activities	<u>66,398</u>	<u>87,185</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>3,771</u>	<u>5,664</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,366	(85,414)
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>\$ 375,323</u>	<u>\$ 214,954</u>

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

(Concluded)

(With Deloitte & Touche review report dated August 12, 2019)