

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

March 31, 2019, December 31, 2018 and March 31, 2018 (March 31, 2019 and 2018 are unaudited)

UNIT : NTD (In Thousands)

Assets	Notes	March 31, 2019 (Reviewed)	%	December 31, 2018 (Audited)	%	March 31, 2018 (Reviewed)	%	Liabilities & Equity	Notes	March 31, 2019 (Reviewed)	%	December 31, 2018 (Audited)	%	March 31, 2018 (Reviewed)	%
Current assets								Current liabilities							
Cash and cash equivalents	6.1	\$1,488,935	16.29	\$2,241,177	22.50	\$3,369,641	41.81	Short-term borrowings	6.9	\$1,701,834	18.62	\$1,644,650	16.51	\$983,537	12.20
Financial assets at fair value through profit or loss - current	6.2	109,093	1.19	107,950	1.08	129,980	1.61	Financial liabilities at fair value through profit or loss - current	6.2	1,771	0.02	-	-	354	-
Financial assets at amortized cost	6.3	30,000	0.33	30,000	0.30	-	-	Contract liabilities- current		467,180	5.11	414,677	4.16	196,783	2.44
Contract assets-current	6.18	-	-	-	-	4,082	0.05	Notes payable		2,392	0.03	1,813	0.02	7,125	0.09
Notes receivable, net	6.5	47,537	0.52	52,311	0.53	34,963	0.43	Accounts payable		2,112,789	23.12	2,928,456	29.40	1,190,982	14.78
Accounts receivable, net	6.5	1,838,384	20.12	1,973,494	19.81	1,148,018	14.25	Other Payables		374,214	4.10	481,126	4.83	314,288	3.90
Other receivables		269,146	2.95	337,858	3.39	37,169	0.46	Income tax payable		64,318	0.70	38,487	0.39	110,948	1.38
Income tax assets		18,323	0.20	18,098	0.18	62,365	0.77	Provisions - current	6.10	164,800	1.80	184,774	1.85	320,607	3.98
Inventories	6.6	3,315,501	36.28	3,310,356	33.23	1,499,011	18.60	Lease liabilities-current	6.8	47,122	0.52	-	-	-	-
Prepayments		576,554	6.31	585,753	5.88	359,251	4.46	Other current liabilities	6.11	48,399	0.53	190,612	1.92	14,314	0.18
Other current assets		8,525	0.10	5,317	0.06	34,881	0.44	Sub-total		4,984,819	54.55	5,884,595	59.08	3,138,938	38.95
Sub-total		7,701,998	84.29	8,662,314	86.96	6,679,361	82.88	Non-current liabilities							
Non-current assets								Equity							
Financial assets at fair value through profit or loss - non-current		-	-	-	-	25	-	Bonds payable	6.12	-	-	-	-	121,803	1.51
Financial assets at fair value through other comprehensive income	6.4	16,667	0.18	16,667	0.17	18,910	0.23	Long-term borrowings	6.13	184,920	2.02	122,800	1.23	436,650	5.42
Property, plant and equipment	6.7	949,646	10.39	959,324	9.63	1,061,401	13.17	Provisions - non-current	6.10	57,686	0.63	61,469	0.62	52,204	0.65
Right-of-use assets	6.8	138,755	1.52	-	-	-	-	Deferred income tax liabilities		6,356	0.07	8,867	0.09	5,008	0.06
Intangible assets		54,976	0.60	83,464	0.84	62,149	0.77	Lease liabilities -non-current	6.8	62,439	0.68	-	-	-	-
Deferred income tax assets		80,170	0.88	57,422	0.58	54,891	0.68	Other non-current liabilities		563	0.02	2,429	0.02	11,056	0.13
Other non-current assets		195,632	2.14	181,938	1.82	181,978	2.27	Sub-total		311,964	3.42	195,565	1.96	626,721	7.77
Sub-total		1,435,846	15.71	1,298,815	13.04	1,379,354	17.12	Total liabilities		5,296,783	57.97	6,080,160	61.04	3,765,659	46.72
								Equity attributable to owners of parent							
								Share capital							
								Common stock							
								Share capital collected in advance							
								Capital surplus							
								Retained earnings							
								Legal reserve							
								Special reserve							
								Unappropriated retained earnings							
								Other equity interest							
								Treasury stock							
								Total equity attributable to owners of the parent							
								Non-controlling interests							
								Total equity							
								Total liabilities and equity							
Total assets		\$9,137,844	100.00	\$9,961,129	100.00	\$8,058,715	100.00			\$9,137,844	100.00	\$9,961,129	100.00	\$8,058,715	100.00

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2019 and 2018
(Reviewed, Not Audited)

UNIT : NTD (In Thousands)

Item	Notes	Three Months Ended March 31			
		2019	%	2018	%
Operating revenue	6.18	\$2,586,504	100.00	\$1,890,079	100.00
Operating costs	6.6	(2,155,219)	(83.33)	(1,496,466)	(79.17)
Gross profit		431,285	16.67	393,613	20.83
Net gross profit		431,285	16.67	393,613	20.83
Operating expenses					
Marketing expenses		(152,976)	(5.91)	(144,579)	(7.65)
General and administrative expenses		(139,230)	(5.38)	(111,488)	(5.90)
Research and development expenses		(92,640)	(3.58)	(80,217)	(4.24)
Expected credit gains(losses)		1,118	0.04	(1,466)	(0.08)
Sub-total		(383,728)	(14.83)	(337,750)	(17.87)
Net operating income (loss)		47,557	1.84	55,863	2.96
Non-operating income and expense					
Other income		3,515	0.14	3,997	0.21
Other gains and loss	6.19	16,517	0.64	19,004	1.01
Financial costs		(23,016)	(0.90)	(9,649)	(0.52)
Sub-total		(2,984)	(0.12)	13,352	0.70
Income before income tax		44,573	1.72	69,215	3.66
Income tax expense	6.22	(562)	(0.02)	(20,729)	(1.09)
Net income for the period from continuing operations		44,011	1.70	48,486	2.57
Net income		44,011	1.70	48,486	2.57
Other comprehensive income(loss)					
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of foreign operations		20,553	0.79	10,390	0.55
Other comprehensive income(loss) for the period		20,553	0.79	10,390	0.55
Total comprehensive income for the period		64,564	2.49	58,876	3.12
Net income profit attributable to :					
Owners of parent		16,027	0.62	23,190	1.23
Non-controlling interests		27,984	1.08	25,296	1.34
Total		44,011	1.70	48,486	2.57
Total comprehensive income attributable to :					
Owners of parent		36,580	1.41	33,262	1.76
Non-controlling interests		27,984	1.08	25,614	1.36
Total		\$64,564	2.49	\$58,876	3.12
Earnings per share	6.23				
Basic earnings per share		\$0.07		\$0.1	
Diluted earnings per share		\$0.07		\$0.1	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three Months Ended March 31, 2019 and 2018

UNIT : NTD (In Thousands)

Summary	Stockholders' equity of Parent Company									Treasury stock	Sub Total	Non-controlling interests	Total equity
	Stock		Capital surplus	Retained Earnings			Equity Adjustments						
	Common Stock	Share capital collected in advance		Legal Reserve	Special Reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on investments in equity instruments at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets				
Balance on January 1, 2018	\$2,297,357	\$117,500	\$687,987	\$174,139	\$25,386	\$338,155	\$(43,971)	\$-	\$1,345	\$-	\$3,597,898	\$545,549	\$4,143,447
Impact of retroactive applications	-	-	-	-	-	-	-	-	1,345	(1,345)	-	-	-
Adjusted balance as of January 1, 2018	<u>2,297,357</u>	<u>117,500</u>	<u>687,987</u>	<u>174,139</u>	<u>25,386</u>	<u>338,155</u>	<u>(43,971)</u>	<u>1,345</u>	<u>-</u>	<u>-</u>	<u>3,597,898</u>	<u>545,549</u>	<u>4,143,447</u>
Appropriation and distribution of retained earnings 2017													
Net income for the three-months ended March 31, 2018	-	-	-	-	-	23,190	-	-	-	-	23,190	25,296	48,486
Other comprehensive income for the three-months ended March 31, 2018. net of income tax	-	-	-	-	-	-	10,071	-	-	-	10,071	319	10,390
Bonds payable converted into common stock and capital surplus	117,499	(67,663)	40,896	-	-	-	-	-	-	-	90,732	-	90,732
Rounding	-	-	-	-	-	1	-	-	-	-	1	-	1
Balance on March 31, 2018	<u>\$2,414,856</u>	<u>\$49,837</u>	<u>\$728,883</u>	<u>\$174,139</u>	<u>\$25,386</u>	<u>\$361,346</u>	<u>\$(33,900)</u>	<u>\$1,345</u>	<u>\$-</u>	<u>\$-</u>	<u>\$3,721,892</u>	<u>\$571,164</u>	<u>\$4,293,056</u>
Balance on January 1, 2019	\$2,242,940	\$165	\$729,418	\$206,873	\$42,626	\$192,739	\$(56,778)	\$163	\$-	\$-	\$3,358,146	\$522,823	\$3,880,969
Appropriation and distribution of retained earnings 2018													
Net income for the three-months ended March 31, 2019	-	-	-	-	-	16,027	-	-	-	-	16,027	27,984	44,011
Other comprehensive income for the three-months ended March 31, 2019. net of income tax	-	-	-	-	-	-	20,553	-	-	-	20,553	-	20,553
Bonds payable converted into common stock and capital surplus	3,956	23,846	22,684	-	-	-	-	-	-	-	50,486	-	50,486
Treasury stock acquired	-	-	-	-	-	-	-	-	-	(160,442)	(160,442)	-	(160,442)
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	-	2,975	-	-	-	-	-	-	-	2,975	-	2,975
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	2,508	2,508
Rounding	-	-	-	-	-	1	-	-	-	-	1	-	1
Balance on March 31, 2019	<u>\$2,246,896</u>	<u>\$24,011</u>	<u>\$755,077</u>	<u>\$206,873</u>	<u>\$42,626</u>	<u>\$208,767</u>	<u>\$(36,225)</u>	<u>\$163</u>	<u>\$-</u>	<u>\$(160,442)</u>	<u>\$3,287,746</u>	<u>\$553,315</u>	<u>\$3,841,061</u>

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2019 and 2018

UNIT : NTD (In Thousands)

Items	Three Months Ended March 31	
	2019	2018
Cash flows from operating activities		
Net income before income tax	\$44,573	\$69,215
Adjusted items:		
Income and expenses having no effect on cash flows		
Depreciation	54,513	43,063
Amortization	7,679	5,003
Expected credit gain (losses)	(1,118)	1,466
Net gains of financial assets (liabilities) at fair value through profit or loss	(2,993)	(3,720)
Interest expense	23,016	9,650
Interest income	(752)	(2,080)
Loss(gain) on disposal and obsolescence of property, plant and equipment	43	(71)
Loss(gain) on disposal of investments	(618)	(160)
Changes in current assets and liabilities related to operating activities		
(Increase)decrease in held-for-trading financial assets	-	(6,086)
(Increase)decrease in contract asset	-	(4,082)
(Increase)decrease in notes receivable	4,773	(9,435)
(Increase)decrease in accounts receivable	136,228	(26,476)
(Increase)decrease in other receivables	68,601	(17,069)
(Increase)decrease in inventories	(5,146)	(54,614)
(Increase)decrease in prepaid expenses	(1,112)	(20,611)
(Increase)decrease in prepayments	9,247	(32,803)
(Increase)decrease in other current assets	(3,209)	6,282
Increase(decrease) in contract liability	52,503	196,783
Increase(decrease) in notes payable	579	5,248
Increase(decrease) in accounts payable	(815,666)	(17,387)
Increase(decrease) in other payables	(118,597)	(203,136)
Increase(decrease) in provisions	(23,757)	32,663
Increase(decrease) in advanced receipts	-	(147,664)
Increase(decrease) in other current liabilities	196	1,797
Increase(decrease) in net defined benefit liability	-	(22,464)
Interest received	880	2,073
Interest paid	(24,659)	(5,823)
Income taxes refund (paid)	(231)	45,205
Net cash generated from (used in) operating activities	<u>(595,027)</u>	<u>(155,233)</u>
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss	4,233	-
Proceeds from disposal of investments accounted for using equity method	5,507	-
Acquisition of property, plant and equipment	(7,314)	(3,819)
Proceeds from disposal of property, plant and equipment	63	242
Decrease in refundable deposits	14,871	5,568
Acquisition of intangible assets	(3,297)	(651)
Increase in other financial assets	(1,000)	-
Increase in other non-current assets	(20,646)	(15,545)
Increase in prepayments for equipment	(10,156)	(8,103)
Net cash generated from (used in) investing activities	<u>(17,739)</u>	<u>(22,308)</u>
Cash flows from (used in) financing activities		
Increase in short-term borrowings	57,184	229,084
Increase in long-term borrowings	-	25,610
Decrease in long-term borrowings	(29,980)	-
Repayment of the principal portion of lease liabilities	(13,830)	-
Increase in other non-current liabilities	-	14,778
Decrease in other non-current liabilities	(656)	-
Treasury stock acquired	(160,442)	-
Increase(decrease) in non-controlling interests	2,508	318
Net cash generated from (used in) financing activities	<u>(145,216)</u>	<u>269,790</u>
Effect of exchange rate	5,740	(2,104)
Net increase in cash and cash equivalents	(72,242)	90,145
Cash and cash equivalents at the beginning of period	2,241,177	3,279,496
Cash and cash equivalents at the end of period	<u>\$1,488,935</u>	<u>\$3,369,641</u>

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