

**ASSOCIATED INDUSTRIES CHINA, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
for the Three Months Ended March 31, 2021 and 2020**

Address: 5F-1, No. 3-1, Park Street, Nangang District, Taipei, 11503
Telephone: (02)2655-8080

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~32
(7) Related-party transactions	32
(8) Pledged assets	33
(9) Significant commitments and contingencies	33
(10) Losses due to major disasters	33
(11) Subsequent events	33
(12) Other	33
(13) Other disclosures items	
(a) Information on significant transactions	34~35
(b) Information on investees	35
(c) Information on investment in mainland China	36
(d) Major shareholders	36
(14) Segment information	36~37



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors of Associated Industries China, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Associated Industries China, Inc. and its subsidiaries (“the Group”) as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$19,747 thousand and \$38,205 thousand, constituting 2.84% and 5.12% of consolidated total assets; and the total liabilities amounting to \$31,164 thousand and \$5,626 thousand, constituting 10.74% and 1.78% of consolidated total liabilities as of March 31, 2021 and 2020, respectively, and the total comprehensive income (loss) amounting to \$(1,107) thousand and \$(3,391) thousand, constituting 28.53% and 24.34% of the absolute value of consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$18,999 thousand and \$26,759 thousand as of March 31, 2021 and 2020, respectively, and its equity in net earnings on the investee companies amounting to \$(5,882) thousand and \$(1,743) thousand for the three months ended March 31, 2021 and 2020, respectively, were recognized solely on the financial statements prepared by the investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yiu-Kwan Au and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)
May 11, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2021 and 2020

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021, December 31, 2020, and March 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2021		December 31, 2020		March 31, 2020				March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$ 118,733	17	115,187	17	85,520	12	2100	Short-term borrowings (note 6(k))	\$ 153,535	22	145,480	21	207,750	28
1110	Current financial assets at fair value through profit or loss (note 6(b))	1,093	-	-	-	55	-	2130	Current contract liabilities (note 6(t))	409	-	154	-	65	-
1170	Notes and accounts receivable, net (note 6(d))	50,317	7	55,051	8	50,722	7	2170	Notes and accounts payable	61,877	9	47,550	7	28,779	4
1200	Other receivables	746	-	696	-	210	-	2200	Other payables	51,064	8	56,207	8	52,146	7
1300	Inventories, net (note 6(e))	175,307	25	172,368	25	239,596	32	2250	Current provisions (note 6(l))	3,347	-	3,441	-	2,762	-
1410	Prepayments	21,656	3	16,259	2	21,892	3	2280	Current lease liabilities (note 6(m))	6,450	1	6,051	1	8,556	1
1470	Other current assets (note 8)	1,934	1	488	-	2,494	-	2300	Other current liabilities	1,426	-	1,644	-	1,391	-
		<u>369,786</u>	<u>53</u>	<u>360,049</u>	<u>52</u>	<u>400,489</u>	<u>54</u>			<u>278,108</u>	<u>40</u>	<u>260,527</u>	<u>37</u>	<u>301,449</u>	<u>40</u>
Non-current assets:															
1510	Non-current financial assets at fair value through profit or loss (notes 6(c) and 7)	6,441	1	6,441	1	10,000	1	2580	Non-current lease liabilities (note 6(m))	11,076	2	10,400	2	13,881	2
1550	Investments accounted for using the equity method (note 6(f))	18,999	3	24,881	4	26,759	4	2600	Other non-current liabilities	891	-	891	-	891	-
1600	Property, plant and equipment (notes 6(g) and 8)	117,995	17	118,568	17	120,031	16			<u>11,967</u>	<u>2</u>	<u>11,291</u>	<u>2</u>	<u>14,772</u>	<u>2</u>
1755	Right-of-use assets (note 6(h))	17,018	3	15,931	2	22,003	3		Total liabilities	<u>290,075</u>	<u>42</u>	<u>271,818</u>	<u>39</u>	<u>316,221</u>	<u>42</u>
1760	Investment property, net (notes 6(i) and 8)	162,171	23	162,467	24	163,354	22	3110	Common stock	546,246	79	538,066	78	538,066	72
1780	Intangible assets (note 6(j))	1,408	-	1,619	-	2,639	-	3200	Capital surplus	29,061	4	29,322	4	25,983	4
1900	Other non-current assets (note 8)	1,730	-	1,437	-	532	-		Retained earnings:						
		<u>325,762</u>	<u>47</u>	<u>331,344</u>	<u>48</u>	<u>345,318</u>	<u>46</u>	3310	Legal reserve	52,704	8	52,704	8	52,704	7
								3320	Special reserve	79,510	11	79,510	11	79,510	11
								3350	Accumulated deficits	(154,922)	(22)	(151,042)	(22)	(124,800)	(17)
										<u>(22,708)</u>	<u>(3)</u>	<u>(18,828)</u>	<u>(3)</u>	<u>7,414</u>	<u>1</u>
								3400	Other equity interest	(122,295)	(18)	(104,154)	(15)	(117,046)	(16)
								3500	Treasury shares	(24,831)	(4)	(24,831)	(3)	(24,831)	(3)
									Total equity	<u>405,473</u>	<u>58</u>	<u>419,575</u>	<u>61</u>	<u>429,586</u>	<u>58</u>
Total assets		<u>\$ 695,548</u>	<u>100</u>	<u>691,393</u>	<u>100</u>	<u>745,807</u>	<u>100</u>	Total liabilities and equity		<u>\$ 695,548</u>	<u>100</u>	<u>691,393</u>	<u>100</u>	<u>745,807</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the three months ended March 31			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenues, net (note 6(t)):				
4110	Sales revenue	\$ 129,842	99	122,139	99
4310	Rental income (note 6(n))	<u>1,275</u>	<u>1</u>	<u>1,275</u>	<u>1</u>
		131,117	100	123,414	100
5000	Operating costs (notes 6(e) and 12)	<u>80,295</u>	<u>61</u>	<u>83,131</u>	<u>67</u>
5950	Gross profit from operations	<u>50,822</u>	<u>39</u>	<u>40,283</u>	<u>33</u>
	Operating expenses (notes 6(o) and 12):				
6100	Selling expenses	29,569	23	32,568	26
6200	Administrative expenses (note 6(r))	15,133	12	13,629	11
6300	Research and development expenses	<u>2,866</u>	<u>2</u>	<u>3,393</u>	<u>3</u>
		<u>47,568</u>	<u>37</u>	<u>49,590</u>	<u>40</u>
	Net operating gain (loss)	<u>3,254</u>	<u>2</u>	<u>(9,307)</u>	<u>(7)</u>
	Non-operating income and expenses:				
7100	Interest income	207	-	10	-
7190	Other income	99	-	53	-
7230	Foreign exchange losses, net (note 6(v))	(1,707)	(1)	(195)	-
7235	Gains (losses) on financial assets at fair value through profit or loss	1,689	1	500	-
7510	Interest expense (note 6(m))	(681)	(1)	(811)	(1)
7770	Share of loss of associates and joint ventures accounted for using the equity method (note 6(f))	<u>(5,882)</u>	<u>(4)</u>	<u>(1,743)</u>	<u>(1)</u>
		<u>(6,275)</u>	<u>(5)</u>	<u>(2,186)</u>	<u>(2)</u>
7900	Loss before tax	(3,021)	(3)	(11,493)	(9)
7950	Less: Income tax expenses (note 6(p))	<u>859</u>	<u>1</u>	<u>498</u>	<u>-</u>
	Loss	<u>(3,880)</u>	<u>(4)</u>	<u>(11,991)</u>	<u>(9)</u>
8300	Other comprehensive income:				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	<u>(8,673)</u>	<u>(7)</u>	<u>(1,938)</u>	<u>(2)</u>
8300	Other comprehensive income, net	<u>(8,673)</u>	<u>(7)</u>	<u>(1,938)</u>	<u>(2)</u>
8500	Total comprehensive income	<u>\$ (12,553)</u>	<u>(11)</u>	<u>(13,929)</u>	<u>(11)</u>
	Losses per share (note 6(s))				
9750	Basic losses per share (NT dollars)	<u>\$ (0.08)</u>		<u>(0.24)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity interest			Treasury shares	Total equity
			Legal reserve	Special reserve	Accumulated deficits		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefit	Total other equity interest		
Balance at January 1, 2020	\$ 543,506	25,330	52,704	79,510	(112,809)	(74,693)	(33,710)	(8,686)	(117,089)	(24,831)	446,321
Loss for the three months ended March 31, 2020	-	-	-	-	(11,991)	-	-	-	-	-	(11,991)
Other comprehensive income for the three months ended March 31, 2020	-	-	-	-	-	(1,938)	-	-	(1,938)	-	(1,938)
Total comprehensive income for the three months ended March 31, 2020	-	-	-	-	(11,991)	(1,938)	-	-	(1,938)	-	(13,929)
Share-based payment transactions	(5,440)	653	-	-	-	-	-	1,981	1,981	-	(2,806)
Balance at March 31, 2020	\$ 538,066	25,983	52,704	79,510	(124,800)	(76,631)	(33,710)	(6,705)	(117,046)	(24,831)	429,586
Balance at January 1, 2021	\$ 538,066	29,322	52,704	79,510	(151,042)	(66,770)	(33,710)	(3,674)	(104,154)	(24,831)	419,575
Loss for the three months ended March 31, 2021	-	-	-	-	(3,880)	-	-	-	-	-	(3,880)
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	(8,673)	-	-	(8,673)	-	(8,673)
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	(3,880)	(8,673)	-	-	(8,673)	-	(12,553)
Share-based payment transactions	8,180	(261)	-	-	-	-	-	(9,468)	(9,468)	-	(1,549)
Balance at March 31, 2021	\$ 546,246	29,061	52,704	79,510	(154,922)	(75,443)	(33,710)	(13,142)	(122,295)	(24,831)	405,473

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2021	2020
Cash flows from (used in) operating activities:		
Loss before tax	\$ (3,021)	(11,493)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,064	3,208
Amortization expense	211	401
Expected credit loss (gain)	(16)	6
Interest expense	681	811
Interest income	(207)	(10)
Share-based payments transactions	(1,549)	(2,806)
Share of loss of associates and joint ventures accounted for using the equity method	5,882	1,743
Total adjustments to reconcile profit (loss)	8,066	3,353
Changes in operating assets and liabilities:		
Acquisition of current financial liabilities at fair value through profit or loss	(1,093)	(55)
Decrease in notes and accounts receivable	4,750	10,908
Decrease (increase) in other receivables	149	(77)
Decrease (increase) in inventories	(2,939)	26,226
Increase in prepayments	(5,721)	(3,871)
Increase in other current assets	(1,446)	(875)
Increase (decrease) in contract liabilities	255	(606)
Increase (decrease) in notes and accounts payable	14,327	(41,462)
Increase (decrease) in other payables	(4,929)	2,113
Increase (decrease) in provisions	(95)	156
Decrease in other current liabilities	(218)	(350)
Total changes in operating assets and liabilities	3,040	(7,893)
Total adjustments	11,106	(4,540)
Cash inflows (outflows) generated from operations	8,085	(16,033)
Interest received	8	10
Interest paid	(698)	(764)
Income taxes paid	(878)	(3,345)
Net cash flows from (used in) operating activities	6,517	(20,132)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(21)	(15)
Decrease (increase) in refundable deposits	(293)	347
Net cash flows from (used in) investing activities	(314)	332
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	8,055	33,718
Payment of lease liabilities	(2,194)	(2,265)
Net cash flows from financing activities	5,861	31,453
Effect of exchange rate changes on cash and cash equivalents	(8,518)	(1,925)
Net increase in cash and cash equivalents	3,546	9,728
Cash and cash equivalents at beginning of period	115,187	75,792
Cash and cash equivalents at end of period	\$ 118,733	85,520

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Associated Industries China, Inc. (the “Company”) was incorporated in May 18, 1978 as a company limited by shares, and registered under the Ministry of Economic Affairs, in the Republic of China. The Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The major business activities of the Group are the research, development and sale of LCD monitors, and related components, sale of medical equipment, and real estate rental business.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on May 11, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	AG Neovo International Ltd. (AG Neovo International, formerly named as GMF)	Investment	100 %	100 %	100 %	(Note 1 and 2)
The Company	AG Neovo Technology. BV. (AG Neovo B.V)	Sale of LCD monitors	100 %	100 %	100 %	
The Company	AG Neovo Investment Co., Ltd. (AG Neovo Investment)	Investment	100 %	100 %	100 %	(Note 1)
AG Neovo Investment	AG Neovo Technology (Shanghai) Co., Ltd. (AG Neovo Shanghai)	Sale of LCD monitors	100 %	100 %	100 %	"
AG Neovo International (formerly named as GMF)	AG Neovo International Ltd. (AG Neovo International)	Investment	- %	- %	100 %	(Note 1 and 2)
AG Neovo International (formerly named as GMF)	AG Neovo Technology Corp. (AG Neovo USA)	Sale of LCD monitors and medical equipment	100 %	100 %	100 %	"

Note 1: A non-significant subsidiary, wherein its financial statements have not been reviewed.

Note 2: The sub-subsidiary, AG Neovo International had, completed its liquidation procedures on April 30, 2020. Thereafter, the subsidiary, GMF, was renamed AG Neovo International Ltd. on June 30, 2020.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2020 consolidated financial statements. Please refer to note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Petty cash, checking accounts and demand deposits	\$ 115,833	112,287	82,620
Time deposits	<u>2,900</u>	<u>2,900</u>	<u>2,900</u>
	<u>\$ 118,733</u>	<u>115,187</u>	<u>85,520</u>

Please refer to note 6(v) for the exchange rate risk, the interest rate risk and the sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss-current

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Mandatorily designated at fair value through profit or loss			
Derivative instruments not used for hedging:			
Forward exchange contracts	\$ <u>1,093</u>	<u>-</u>	<u>55</u>

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group holds derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily designated at fair value through profit or loss:

		March 31, 2021		
		Amount (in thousands)	Currency	Maturity dates
Financial assets:				
Forward exchange sold	EUR	<u>1,136</u>	EUR to USD	2021.04.07~2021.05.17
		March 31, 2020		
		Amount (in thousands)	Currency	Maturity dates
Financial assets:				
Forward exchange sold	EUR	<u>468</u>	EUR to USD	2020.05.07~2020.05.15

(c) Financial assets at fair value through profit or loss-non-current

		March 31, 2021	December 31, 2020	March 31, 2020
Mandatorily designated at fair value through profit or loss				
Convertible bond—tBPC	\$	<u>6,441</u>	<u>6,441</u>	<u>10,000</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of financial assets at fair value through profit or loss-non-current for the three months ended March 31, 2021 and 2020. Please refer to note 6(b) of the 2020 annual consolidated financial statements for other related information.

As of March 31, 2021, December 31 and March 31, 2020, the Group did not provide any of the aforementioned financial assets as collaterals for its loans.

(d) Notes and accounts receivable

		March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable from operating activities	\$	216	582	635
Accounts receivable-measured as amortized cost		50,134	54,518	50,139
		50,350	55,100	50,774
Less: Loss allowance		(33)	(49)	(52)
	\$	<u>50,317</u>	<u>55,051</u>	<u>50,722</u>

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	March 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 41,452	0%	-
Less than 30 days past due	7,339	0.25%	18
31 to 90 days past due	1,556	0.90%	14
More than 90 days past due	3	33.33%	1
	\$ 50,350		33
	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 48,314	0%	-
Less than 30 days past due	6,551	0.49%	32
31 to 90 days past due	216	5.09%	11
More than 90 days past due	19	31.58%	6
	\$ 55,100		49
	March 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 41,717	0%	-
Less than 30 days past due	8,417	0.39%	33
31 to 90 days past due	640	2.97%	19
	\$ 50,774		52

The movement in the allowance for notes and accounts receivable was as follows:

	For the three months ended March 31,	
	2021	2020
Balance at January 1	\$ 49	46
Impairment losses recognized	-	6
Impairment losses reversed	(16)	-
Balance at March 31	\$ 33	52

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of March 31, 2021, December 31 and March 31, 2020, the Group did not provide any of the aforementioned notes and accounts receivable as collaterals for its loans.

(e) Inventories

	March 31, 2021	December 31, 2020	March 31, 2020
Merchandise inventories	<u>\$ 175,307</u>	<u>172,368</u>	<u>239,596</u>

The details of cost of sales for the three months ended March 31, 2021 and 2019, were as follows:

	For the three months ended March 31,	
	2021	2020
Cost of goods sold and expenses	\$ 80,394	80,639
Inventory valuation loss and obsolescence (reversed)	(496)	2,095
	<u>\$ 79,898</u>	<u>82,734</u>

For the three months ended March 31, 2021, the Group reversed allowance for inventory valuation loss and obsolescence due to sale of obsolete stock amounted to \$496. For the three months ended March 31, 2020, the write-down of inventories to net realizable value amounted to \$2,095.

As of March 31, 2021, December 31 and March 31, 2020, the Group did not provide any inventories as collaterals for its loans.

(f) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Associate	<u>\$ 18,999</u>	<u>24,881</u>	<u>26,759</u>

(i) Associate

The details of the material associate are as follows:

<u>Name of Associate</u>	<u>Nature of the relationship with the Group</u>	<u>Main operating location/ Registered Country of the Company</u>	<u>Proportion of shareholding and voting rights</u>		
			<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
tBPC	Shareholder with significant influence	Taiwan	34.72 %	34.72 %	26.30 %

The following aggregated financial information of the significant affiliate has been adjusted according to individually prepared IFRS financial statement to reflect the fair value adjustments made at the time of acquisition.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Summarized financial information of tBPC

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 32,267	39,620	26,767
Non-current assets	58,141	60,038	70,564
Current liabilities	(25,751)	(18,060)	(15,168)
Non-current liabilities	(9,937)	(9,937)	(12,234)
Net assets	<u>\$ 54,720</u>	<u>71,661</u>	<u>69,929</u>
Net assets attributable to owners of the associate	<u>\$ 54,720</u>	<u>71,661</u>	<u>69,929</u>
		For the three months ended March 31,	
		2021	2020
Operating revenue		<u>\$ 2,209</u>	<u>2,524</u>
Loss from continuing operations (equal to comprehensive loss)		<u>\$ (16,941)</u>	<u>(7,009)</u>
Total comprehensive loss attributable to owners of the associate		<u>\$ (16,941)</u>	<u>(7,009)</u>
		March 31, 2021	December 31, 2020
Share of net assets of the associate owned by the Group at period began	\$ 24,881	19,888	19,888
Share of net assets of the associate acquired by the Group for the period	-	6,568	-
Adjustment of capital surplus accounted for using the equity method	-	3,169	-
Comprehensive loss attributable to the Group	(5,882)	(4,744)	(1,727)
Share of net assets of the associate to the Group at the period ended	18,999	24,881	18,161
Additional fair value adjustments of patented technology	-	-	1,045
Additional goodwill	-	-	7,553
Carrying amounts of the investment	<u>\$ 18,999</u>	<u>24,881</u>	<u>26,759</u>

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group assessed that there were indications of impairment due to tBPC's continuous loss in operations in recent years. On December 31, 2020, the Group conducted an impairment test, through the assistance of an independent appraisal institute, on the valuation of its value-in-use of net identified assets and its value-in-use of equity in accordance with IAS 36 "Impairment of Asset". Based on the result of assessments, the Group recognized the impairment losses of \$12,782, which was recorded as the carrying amount of investments accounted for using the equity method.

(ii) Pledges

As of March 31, 2021, December 31 and March 31, 2020, the Group did not provide any investment accounted for using the equity method as collaterals for its loans.

(g) Property, plant and equipment

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery and R&D equipment</u>	<u>Molding equipment and other equipment</u>	<u>Total</u>
Carrying amounts:					
Balance at January 1, 2021	\$ 95,104	22,206	308	950	118,568
Balance at March 31, 2021	\$ 95,104	21,952	215	724	117,995
Balance at January 1, 2020	\$ 95,104	23,221	503	1,781	120,609
Balance at March 31, 2020	\$ 95,104	22,967	415	1,545	120,031

There were no significant additions, disposals, or recognitions and reversals of impairment losses of property, plant and equipment for the three months ended March 31, 2021 and 2020. Information about depreciation for the periods is disclosed in note 12(a). Please refer to note 6(f) of the 2020 annual consolidated financial statements for other related information.

As of March 31, 2021, December 31 and March 31, 2020, the investment property has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

(h) Right-of-use assets

The Group leases many assets including buildings and transportation. Information about leases for which the Group as a lessee is presented below:

	<u>Buildings</u>	<u>Transportation</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 22,353	12,271	34,624
Additions	-	3,987	3,987
Effect of change in foreign exchange rates	(696)	(597)	(1,293)
Balance at March 31, 2021	\$ 21,657	15,661	37,318
Balance at January 1, 2020	\$ 22,026	10,783	32,809
Additions	-	1,021	1,021
Effect of change in foreign exchange rates	(107)	(102)	(209)
Balance at March 31, 2020	\$ 21,919	11,702	33,621

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Buildings</u>	<u>Transportation</u>	<u>Total</u>
Depreciation:			
Balance at January 1, 2021	\$ 11,517	7,176	18,693
Depreciation for the period	1,548	655	2,203
Effect of change in foreign exchange rates	<u>(283)</u>	<u>(313)</u>	<u>(596)</u>
Balance at March 31, 2021	<u>\$ 12,782</u>	<u>7,518</u>	<u>20,300</u>
Balance at January 1, 2020	\$ 5,803	3,526	9,329
Depreciation for the period	1,447	882	2,329
Effect of change in foreign exchange rates	<u>(7)</u>	<u>(33)</u>	<u>(40)</u>
Balance at March 31, 2020	<u>\$ 7,243</u>	<u>4,375</u>	<u>11,618</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 10,836</u>	<u>5,095</u>	<u>15,931</u>
Balance at March 31, 2021	<u>\$ 8,875</u>	<u>8,143</u>	<u>17,018</u>
Balance at March 31, 2020	<u>\$ 14,676</u>	<u>7,327</u>	<u>22,003</u>

(i) Investment property

Details of the investments property is summarized as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 111,400</u>	<u>51,067</u>	<u>162,467</u>
Balance at March 31, 2021	<u>\$ 111,400</u>	<u>50,771</u>	<u>162,171</u>
Balance at January 1, 2020	<u>\$ 111,400</u>	<u>52,250</u>	<u>163,650</u>
Balance at March 31, 2020	<u>\$ 111,400</u>	<u>51,954</u>	<u>163,354</u>

There were no significant additions, disposals, or recognitions and reversals of impairment losses of investment property for the three months ended March 31, 2021 and 2020. Information on depreciation for the periods is disclosed in note 12(a). Please refer to note 6(h) of the 2020 annual consolidated financial statements for other related information.

The fair value of the investment property was not significantly different from that disclosed in note 6(h) of the consolidated financial statements for the year ended December 31, 2020.

As of March 31, 2021, December 31 and March 31, 2020, the investment property has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Intangible Assets

	Computer software and others
Carrying amounts:	
Balance at January 1, 2021	\$ <u>1,619</u>
Balance at March 31, 2021	\$ <u>1,408</u>
Balance at January 1, 2020	\$ <u>3,040</u>
Balance at March 31, 2020	\$ <u>2,639</u>

There were no significant additions, disposals, or recognitions and reversals of impairment losses of intangible assets for the three months ended March 31, 2021 and 2020. Information on amortization for the periods is disclosed in note 12(a). Please refer to note 6(i) of the 2020 annual consolidated financial statements for other related information.

As of March 31, 2021, December 31 and March 31, 2020, the Group did not provide any intangible assets as collaterals for its loans.

(k) Short-term borrowings

The details of short-term borrowings were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank loans	\$ 78,535	68,480	79,750
Secured bank loans	<u>75,000</u>	<u>77,000</u>	<u>128,000</u>
Total	<u>\$ 153,535</u>	<u>145,480</u>	<u>207,750</u>
Unused credit lines for short-term borrowings	<u>\$ 295,465</u>	<u>297,167</u>	<u>236,178</u>
Range of interest rates	<u>1.26%~1.78%</u>	<u>1.10%~1.83%</u>	<u>1.10%~1.83%</u>

Please refer to note 6(v) for the interest risk, foreign currency exchange rate risk, and liquidity risk information of the Group.

The Group provided property, plant and equipment and investment property as collaterals for its bank loans. Please refer to note 8.

(l) Provisions — warranties

There were no significant changes in provisions for the three months ended March 31, 2021 and 2020. Please refer to note 6(k) of the 2020 annual consolidated financial statements for the related information.

Provisions related to sale of products are assessed based on historical information.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Lease liabilities

The details of lease liabilities were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	<u>\$ 6,450</u>	<u>6,051</u>	<u>8,556</u>
Non-current	<u>\$ 11,076</u>	<u>10,400</u>	<u>13,881</u>

For the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2021	2020
Interest on lease liabilities	<u>\$ 76</u>	<u>67</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 861</u>	<u>940</u>
Expenses relating to short-term leases	<u>\$ 365</u>	<u>318</u>

The amounts recognized in the consolidated statement of cash flows for the Group were as follows:

	For the three months ended March 31,	
	2021	2020
Total cash outflow from leases	<u>\$ 3,496</u>	<u>3,590</u>

(i) Real estate lease

The Group leases buildings for its office space. The leases of office space typically run for three to seven years.

(ii) Other leases

The Group leases vehicle, with lease terms of two to five years.

The Group also leases office equipments with contract terms of less than one year. These leases are short-term leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Operating lease

The Group leases out its investment property and some machinery. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(i) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Less than one year	\$ 3,818	5,090	5,090
One to two years	-	-	3,818
Total undiscounted lease payments	<u>\$ 3,818</u>	<u>5,090</u>	<u>8,908</u>

(o) Employee benefits

The Company allocates no less than 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Overseas subsidiaries recognized the pension expenses and made the periodical payments under the defined contribution method by local laws.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31,	
	2021	2020
Selling expenses	\$ 506	446
Administrative expenses	435	391
Research and development expenses	141	174
	<u>\$ 1,082</u>	<u>1,011</u>

(p) Income taxes

(i) Income tax expenses

The amounts of income tax were as follows:

	For the three months ended March 31,	
	2021	2020
Current income tax expenses	\$ <u>859</u>	<u>498</u>

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) The Company's income tax returns for the years through 2019 have been examined by the tax authorities.

(q) Capital and other equities

Except for the following disclosures, there were no significant changes in capital and other equity for the three months ended March 31, 2021 and 2020. Please refer to note 6(p) of the 2020 annual consolidated financial statements for the related information.

(i) Capital surplus

The balances of capital surplus were as follows:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Additional paid-in capital	\$ 20,986	20,986	20,986
Restricted employee shares	(1,864)	(1,603)	(1,603)
Employee stock options-expired	5,343	5,343	5,343
Donation from shareholders	1,427	1,427	1,257
Changes in equity of associates	<u>3,169</u>	<u>3,169</u>	<u>-</u>
	<u><u>\$ 29,061</u></u>	<u><u>29,322</u></u>	<u><u>25,983</u></u>

(ii) Retained Earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and the others are supposed to be set aside or reversed as the special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company adopts the residual dividend policy. In consideration of the expansion of operations and the need of cash flows in the future, when the Company plans to distribute its dividends, the distributable amounts cannot be less than 50% of the cumulative distributable surplus. Moreover, at least 10% of the dividends should be distributed in cash.

Based on the resolutions made during the annual Board of Directors held on March 17, 2021, and stockholders' meeting held on June 17, 2020, respectively, there are no earnings could be distributed in 2020 and 2019, respectively.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Share-based payment

Except for the following disclosures, there were no significant changes in share-based payment for the three months ended March 31, 2021 and 2020. Please refer to note 6(q) of the 2020 annual consolidated financial statements for the related information.

On June 13, 2018, the Company's shareholders decided to award 2,000 thousand shares of employee restricted shares to the Company's full-time employees who meet certain requirements. The restricted shares have been registered with and approved by the Securities and Futures Bureau of FSC. On November 7, 2018, the Board of Directors decided to issue the restricted shares on an installment basis. The Company issued the first restricted shares of 1,880 thousand shares, and the effective date was January 14, 2019.

On June 17, 2020, the Company's shareholders decided to award 1,200 thousand shares of employee restricted shares to the Company's full-time employees who meet certain requirements. The restricted shares have been registered with and approved by the Securities and Futures Bureau of FSC. On November 4, 2020, the Board of Directors decided to issue all the restricted shares. The effective date was January 11, 2021.

The aforementioned restricted shares were issued without consideration. 20%, 20%, 30% and 30% of the restricted shares were vested when the employees continue to provide service for at least 1 year, 2 years, 3 years and 4 years from the registration and the effective date, and at the same time, meet the performance requirement. After the issuance, the restricted shares are kept by a trust, which is appointed by the Company, before they are vested. These restricted shares shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations.

If the shares remain unvested after the vesting period, the Company will purchase all the unvested shares without consideration and cancel the shares thereafter. Restricted shares could be distributed as cash or stock dividends. Employees who are given restricted shares are entitled to participate in the cash injection plan of the Company. The aforementioned new shares are also kept by a trust. If the employees of the Company fail to meet the vesting requirements, the cash or stock dividends will be withdrawn in the form of cash, and a shares cancellation procedure will be performed. However, if employees are able to meet such requirements, the cash or stock dividends will be paid to individual accounts from the trust.

The information of the Company's restricted stock was as follows:

	Unit: in thousand shares	
	For the three months ended March 31,	
	2021	2020
Outstanding units on January 1	1,336	1,880
Granted during the year	1,200	-
Forfeited during the year	(382)	(544)
Outstanding units on March 31	<u>2,154</u>	<u>1,336</u>

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of March 31, 2021 and 2020, the unearned employee compensation balances were \$13,142 and \$6,705, respectively. A total of 382 and 544 thousand employee restricted shares were retrieved and cancelled due to failure or loss of qualifications to meet the vesting requirements for the three months ended March 31, 2021 and 2020. The effective date of capital reduction were March 17, 2021 and March 18, 2020, and the related registration procedures have been completed.

The reversal incurred by the Company for employee restricted shares were \$1,549 and \$2,806 for the three Months ended March 31, 2021 and 2020, respectively.

(s) Losses per share

The Group's basic losses per share was computed as follows:

	For the three months ended March 31,	
	2021	2020
Basic losses per share		
Net loss	\$ <u>(3,880)</u>	<u>(11,991)</u>
Weighted-average number of outstanding shares (in thousands)	<u>49,711</u>	<u>49,711</u>
Basic losses per share (dollars)	\$ <u>(0.08)</u>	<u>(0.24)</u>

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2021	2020
Primary geographical markets:		
Netherlands	\$ 21,231	17,962
Germany	42,977	36,554
Switzerland	13,649	9,013
United States	10,085	9,979
Other	<u>43,175</u>	<u>49,906</u>
	\$ <u>131,117</u>	<u>123,414</u>
Major products / services lines:		
LED monitors	\$ 126,723	119,115
Medical equipment	546	795
Other accessories	2,573	2,229
Rental revenues	<u>1,275</u>	<u>1,275</u>
	\$ <u>131,117</u>	<u>123,414</u>

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

- 1) For details on notes and accounts receivable and allowance for impairment, please refer to note 6(d).
- 2) Contract liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Contract liabilities			
(Receipt in advance)	\$ 409	154	65

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(u) Employees compensation and directors' and supervisors' remuneration

According to the Company's Articles of Incorporation require that earning shall first be offset against any deficit, then, a minimum of 10% will be distributed as employee remuneration and a maximum of 2% will be allocated as directors' and supervisors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

Due to loss before tax for the three months ended March 31, 2021 and 2020, no employees compensation and directors' and supervisors' remuneration was recognized.

(v) Financial Instruments

Except for the contention mentioned below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(u) of the 2020 annual consolidated financial statements for other related information.

(i) Credit risk of Receivables and debt securities

For credit risk exposure of note and accounts receivables, please refer to note 6(d).

Other financial assets at amortized cost includes cash and cash equivalents, other receivables, and guaranteed deposits, are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12 months expected losses.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 years</u>
March 31, 2021				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 153,535	(153,535)	(153,535)	-
Notes and accounts payable	61,877	(16,877)	(16,877)	-
Lease liabilities (including current and non-current)	17,526	(17,951)	(6,692)	(11,259)
Other payables	51,064	(51,064)	(51,064)	-
Guarantee deposits	891	(891)	-	(891)
	<u>\$ 284,893</u>	<u>(240,318)</u>	<u>(228,168)</u>	<u>(12,150)</u>
December 31, 2020				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 145,480	(145,480)	(145,480)	-
Notes and accounts payable	47,550	(47,550)	(47,550)	-
Lease liabilities (including current and non-current)	16,451	(16,881)	(6,281)	(10,600)
Other payables	56,207	(56,207)	(56,207)	-
Guarantee deposits	891	(891)	-	(891)
	<u>\$ 266,579</u>	<u>(267,009)</u>	<u>(255,518)</u>	<u>(11,491)</u>
March 31, 2020				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 207,750	(207,750)	(207,750)	-
Notes and accounts payable	28,779	(28,779)	(28,779)	-
Lease liabilities (including current and non-current)	22,437	(23,124)	(8,899)	(14,225)
Other payables	52,146	(52,146)	(52,146)	-
Guarantee deposits	891	(891)	-	(891)
	<u>\$ 312,003</u>	<u>(312,690)</u>	<u>(297,574)</u>	<u>(15,116)</u>

The Group does not expect the cash flows included in the maturity analysis, to occur significantly earlier or at significantly different amounts.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Market risk

1) Currency risk (expressed in thousands for foreign currencies)

The Group's significant exposure to foreign currency risk was as follows:

	<u>March 31, 2021</u>			<u>December 31, 2020</u>			<u>March 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets									
Monetary items									
USD	\$	326 USD/NTD =28.535	9,310	752 USD/NTD =28.48	21,415	231 USD/NTD =30.225			6,968
USD		134 USD/EUR =1.1733	3,832	41 USD/EUR =1.2296	1,180	42 USD/EUR =1.0998			1,266
Financial liabilities									
Monetary items									
USD		1,627 USD/NTD =28.535	46,413	1,213 USD/NTD =28.48	34,544	600 USD/NTD =30.225			18,145
USD		188 USD/EUR =1.1733	5,374	7 USD/EUR =1.2296	201	63 USD/EUR =1.0998			1,908

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

A weakening (strengthening) 5% of each foreign currency against the functional currency, under other conditions remain the same, profit before tax for the three months ended 2021 and 2020 would have been affected as follows:

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
USD (against NTD)		
Appreciate 5%	\$ (1,855)	(559)
Depreciate 5%	1,855	559
USD (against EUR)		
Appreciate 5%	(77)	(32)
Depreciate 5%	77	32

The analysis is performed on the same basis for both periods.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Foreign exchange gains and losses on monetary items

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount for disclosure. For the three months ended March 31, 2021 and 2020, the foreign exchange losses, including realized and unrealized ones, amounted to \$1,707 and \$195, respectively.

(iv) Interest rate analysis

Please refer to liquidity risk for the details of financial assets and liabilities exposed to interest rate risk.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net loss before tax would have increased or decreased by \$32 and \$101 for the three months ended March 31, 2021 and 2020, which would mainly result from the bank savings and short-term borrowings with variable interest rates at the reporting date.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and of financial assets at fair value through other comprehensive income are measured on a recurring basis.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and lease liabilities, disclosure of fair value information is not required :

	March 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Derivative financial assets	\$ 1,093	-	1,093	-	1,093
Mandatorily designated at fair value through profit or loss	<u>6,441</u>	-	-	6,441	6,441
	<u>7,534</u>				
Financial assets measured at amortized cost:					
Cash and cash equivalents	118,733	-	-	-	-
Notes and accounts receivable	50,317	-	-	-	-
Other receivables	746	-	-	-	-
Restricted deposits (recognized as other non-current assets)	326	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	<u>1,404</u>	-	-	-	-
	<u>171,526</u>				
	<u>\$ 179,060</u>				
Financial liabilities measured at amortized cost:					
Short-term borrowing	153,535	-	-	-	-
Notes and accounts payable	61,877	-	-	-	-
Lease liabilities (current and non-current)	17,526				
Other payables	51,064	-	-	-	-
Guaranteed deposits	891				
	<u>\$ 284,893</u>				

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost:					
Short-term borrowing	\$ 207,750	-	-	-	-
Notes and accounts payable	28,779	-	-	-	-
Lease liabilities (current and non-current)	22,437	-	-	-	-
Other payables	52,146	-	-	-	-
Guaranteed deposits	891	-	-	-	-
	\$ 312,003				

- 2) Fair value valuation technique for financial instruments not measured at fair value

The book value of financial assets and liabilities at amortized cost in the consolidated report is approximately its fair value.

- 3) Fair value valuation technique for financial instruments measured at fair value

- a) Non-derivative financial instruments

A financial instrument will use the public quoted price from active market as the fair value if it has the public quoted price from active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by using a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

- b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants such as the discounted cash flow or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

- 4) There was no transfer among fair value hierarchies for the three months ended March 31, 2021 and 2020.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Reconciliation of level 3 financial assets

	Non derivative mandatorily measured at fair value through profit or loss
Balance on January 1, 2021 (same as Balance on March 31, 2021)	\$ <u><u>6,441</u></u>
Balance on January 1, 2020 (same as Balance on March 31, 2020)	\$ <u><u>10,000</u></u>

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure the fair value include "financial assets measured at fair value through profit or loss – convertible bonds".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – convertible bonds	Option Pricing Model-Formula Method	Discounted rate in lack of marketability as of March 31, 2021 and December 31, 2020 both were 29.29%	The higher the lack of marketability discount rate is, the lower the fair value will be.
"	Revenue method (Discounted Cash Flow Method)	Discounted rate in lack of market liquidity as of March 31, 2020 was 35%	The higher the discounted rate is, the lower the fair value will be.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(v) of the 2020 annual consolidated financial statements.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6(w) of the 2020 annual consolidated financial statements for other related information.

(y) Investing and financing activities not affecting current cash flow

(i) The Group's investing and financing activity which did not affect the current cash flow for the three months ended March 31, 2021 and 2020 were as follows: The acquisition of right-of-use assets by lease, please refer to note 6(h).

(ii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes		March 31, 2021
			Additions	Foreign exchange movement	
Short-term borrowings	\$ 145,480	8,055	-	-	153,535
Guaranteed deposits	891	-	-	-	891
Lease liabilities	16,451	(2,194)	3,987	(718)	17,526
Total liabilities from financing activities	<u>\$ 162,822</u>	<u>5,861</u>	<u>3,987</u>	<u>(718)</u>	<u>171,952</u>

	January 1, 2020	Cash flows	Non-cash changes		March 31, 2020
			Additions	Foreign exchange movement	
Short-term borrowings	\$ 174,032	33,718	-	-	207,750
Guaranteed deposits	891	-	-	-	891
Lease liabilities	23,853	(2,265)	1,021	(172)	22,437
Total liabilities from financing activities	<u>\$ 198,776</u>	<u>31,453</u>	<u>1,021</u>	<u>(172)</u>	<u>231,078</u>

(7) Related-party transactions:

(a) Key management personnel transactions

Key management personnel compensation comprised :

	For the three months ended March 31,	
	2021	2020
Short-term employee benefits	\$ 4,602	4,603
Post-employment benefits	170	152
	<u>\$ 4,772</u>	<u>4,755</u>

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Land and buildings	Guarantee for short-term loans and credit line	\$ 117,056	117,310	118,071
Investment property	"	162,171	162,467	163,354
Restricted deposits	Warranty guarantee	<u>326</u>	<u>326</u>	<u>326</u>
		<u>\$ 279,553</u>	<u>280,103</u>	<u>281,751</u>

(9) Significant commitments and contingencies:

As of March 31, 2021, December 31 and March 31, 2020, the unused balance of the Group's letters of credit amounted to \$0, \$6,353 and \$5,072, respectively.

(10) Losses due to major disasters: None.**(11) Subsequent events: None.****(12) Other:**

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function	For the three months ended March 31,					
	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	-	22,236	22,236	-	21,663	21,663
Labor and health insurance	-	2,967	2,967	-	3,307	3,307
Pension	-	1,082	1,082	-	1,011	1,011
Others	-	829	829	-	732	732
Depreciation	296	2,768	3,064	296	2,912	3,208
Amortization	-	211	211	142	259	401

Note: The depreciation for the three months ended March 31, 2021 and 2020 included the depreciation of investment property both amounted to \$296.

(b) Seasonality of operations

The Group's operations were not significantly affected by seasonality or cyclicity factors.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures items:

(a) Information on significant transactions

The followings are the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Group for the three months ended March 31, 2021:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount of guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	AG Neovo B.V	100% owned subsidiary	405,473	150,000	150,000	1,609	-	36.99 %	405,473	Yes	No	No
0	"	AG Neovo USA	"	405,473	40,000	40,000	28,535	-	9.87 %	405,473	Yes	No	No

Note : According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements and guarantees, which the Company or the Group is permitted to provide, shall not exceed 100% of the Company's net worth.

- (iii) Information regarding securities held at the reporting date (excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and shares (units))

Company holding securities	Security type and name	Relationship with the Company	Account	March 31, 2021				Remark
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	IRONYUN INCORPORATED	-	Financial assets measured at fair value through other comprehensive income – non-current	6,025	-	6.79 %	-	Note
"	Convertible bonds (tBPC)	-	Financial assets measured at fair value through profit or loss-non-current	100	6,441	- %	6,441	

Note: Stocks are comprised of 5,512 thousand preferred shares and 513 thousand common shares at the reporting date.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: Please refer to note 6(b).
- (x) Significant transactions and business relationship between the parent company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts	Amount	Terms	
0	The Company	AG Neovo B.V	1	Operating revenues	68,741	The price is marked up based on the cost; and the payment terms depends on the capital demand.	52.43 %
0	"	"	1	Receipt in advance	59,932	"	8.62 %

Note 1: The numbers filled in as follows:

- 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

- 1 represents the transactions from the parent company to its subsidiaries.
- 2 represents the transactions between the subsidiaries and the parent company.
- 3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ foreign currencies and thousand units)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of March 31, 2021			Net income (loss) of the Investee (Note2)	Investment income (loss) recognized by the investor (Note2)	Remark	
				March 31, 2021 (Note 1)	December 31, 2020 (Note 1)	Shares	Percentage of ownership	Carrying value (Note 1)				
The Company	AG Neovo International (formerly named as GMF)	British Virgin Islands	Investment	313,522	313,522	0.7	100 %	5,586	275	275	Note 3	
"	AG Neovo B.V	Netherlands	Sales of LCD monitors	187,013	187,013	4.8	100 %	189,527	592	592	"	
"	AG Neovo Investment	British Virgin Islands	Investment	14,796	14,796	0.5	100 %	7,322	(871)	(871)	"	
"	Taiwan Biophotonic Corporation	Taiwan	Manufacturing and sale of medical equipment	92,327	92,327	2,524	35 %	18,999	(5,882)	(5,882)	"	
AG Neovo International (formerly named as GMF)	AG Neovo International	British Virgin Islands	Investment	- (US \$-)	-	-	-	- (US\$ -)	- (US\$ -)	-	Recognized by shareholding percentage by AG Neovo International (formerly named as GMF)	Note 3
"	AG Neovo USA	U.S.A.	Sales of LCD monitors and medical equipment	57,070 (US\$ 2,000)	57,070 (US\$ 2,000)	701	100 %	3,322 (US\$ 116)	(46) (US\$ 2)	"	"	

Note1: The amounts in New Taiwan Dollars were translated at the exchange rates of USD28.535 at reporting date.

Note2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD28.3635 based on the average exchange rate at reporting date.

Note3: The left transactions have been eliminated in the preparation of the consolidated financial statements.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

(i) The related information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/foreign currencies and thousand units)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of March 31, 2021 (Note 2)	Net income (loss) of the investee company (Note 3)	Percentage of ownership	Investment income (loss) recognized (Note 3)	Carrying value as of March 31, 2021 (Note 2)	Accumulated remittance of earnings as of March 31, 2021
					Outflow	Inflow						
AG Neovo (Shanghai)	Sales of LCD monitors	14,268 (US\$500)	Note 1	14,268 (US\$500)	-	-	14,268 (US\$500)	(1,091) (US\$(38))	100%	(1,091) (US\$(38))	7,653 (US\$268)	-

(ii) Upper limit on investment in Mainland China:

(In Thousands of New Taiwan Dollars and foreign currencies)

Accumulated Investment in Mainland China as of March 31, 2021 (Notes 2 and 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 2 and 4)	Upper Limit on Investment
115,167 (US\$4,036)	115,167 (US\$4,036)	243,283

Note 1 : Indirect investment in Mainland China through companies registered in the third region.

Note 2 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD28.535 at reporting date.

Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD28.3635 based on the average exchange rate at reporting date.

Note 4 : Including the withdrawn amount of investment from the Shanghai CIMC Baowell Industries Co., Ltd.

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Top Group Holdings, Ltd.		8,156,294	14.82 %
David Pi		3,335,541	6.27 %
Associated Industries China, Inc. (Treasury shares)		3,142,000	5.71 %

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

	For the three months ended March 31, 2021					
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	\$ 116,431	11,187	2,304	1,195	-	131,117
Revenue from segments	174	-	72,984	-	(73,158)	-
	<u>\$ 116,605</u>	<u>11,187</u>	<u>75,288</u>	<u>1,195</u>	<u>(73,158)</u>	<u>131,117</u>
Reportable segment profit (loss)	<u>\$ 1,451</u>	<u>275</u>	<u>(3,880)</u>	<u>(871)</u>	<u>4</u>	<u>(3,021)</u>
	For the three months ended March 31, 2020					

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Europe</u>	<u>America</u>	<u>Taiwan</u>	<u>Others</u>	<u>Adjustment & Elimination</u>	<u>Total</u>
Revenue						
Revenue from external customers	\$ 108,380	8,351	5,864	819	-	123,414
Revenue from segments	<u>2,278</u>	<u>-</u>	<u>66,321</u>	<u>8</u>	<u>(68,607)</u>	<u>-</u>
	<u>\$ 110,658</u>	<u>8,351</u>	<u>72,185</u>	<u>827</u>	<u>(68,607)</u>	<u>123,414</u>
Reportable segment profit (loss)	<u>\$ (1,925)</u>	<u>(2,061)</u>	<u>(11,991)</u>	<u>(935)</u>	<u>5,419</u>	<u>(11,493)</u>