

6148 AZION CORPORATION

2019Q3 Consolidated Financial Report

Unit: NT\$ thousands

Balance Sheet				
Code	Accounting Title	2019/9/30	2018/12/31	2018/9/30
	Assets			
	Current assets			
1100	Cash and cash equivalents	264,642	483,665	381,174
1110	Current financial assets at fair value through profit or loss	0	0	0
1120	Current financial assets at fair value through other comprehensive income	0	0	0
1136	Current financial assets at amortised cost	62,128	96,317	78,501
1140	Current contract assets	0	0	0
1150	Notes receivable, net	0	983	6
1160	Notes receivable due from related parties, net	1,000	3,000	0
1170	Accounts receivable, net	256,387	519,639	395,761
1172	Accounts receivable	256,387	398,473	282,134
1175	Lease payments receivable	0	121,166	113,627
1180	Accounts receivable due from related parties, net	1,203	1,034	436
1181	Accounts receivable due from related parties	1,203	1,034	436
1190	Construction contracts receivable	0	0	0
1195	Construction contracts receivable due from related parties	0	0	0
1197	Finance lease receivable, net	132,795	0	0
1200	Other receivables	618	843	167,159
1201	Tax refund receivable	0	0	0
1206	Other non-operating receivables, others	0	0	0
1210	Other receivables due from related parties	166	166	166
1220	Current tax assets	90	75	461
130X	Current inventories	55,691	28,163	24,193
1300	Inventories, merchandising business	55,691	28,163	24,193
1301	Merchandise inventory	55,691	28,163	24,193
1400	Current biological assets	0	0	0
1410	Prepayments	16,707	107,431	18,986
1450	Non-current assets or disposal groups classified as held for distribution to owners	0	0	0
1460	Non-current assets or disposal groups classified as held for sale, net	0	0	0
1470	Other current assets	4,076	1,761	1,600
1476	Other current financial assets	0	0	0
1479	Other current assets, others	4,076	1,761	1,600
11XX	Total current assets	795,503	1,243,077	1,068,443
	Non-current assets			
1510	Non-current financial assets at fair value through profit or loss	16,544	16,067	17,295
1550	Investments accounted for using equity method	0	0	0
1600	Property, plant and equipment	1,591	1,790	2,216
1615	Machinery and equipment, net	0	0	0
1616	Machinery and equipment, cost	0	0	0
1618	Accumulated depreciation, machinery and equipment	(0)	(0)	(0)
1619	Accumulated impairment, machinery and equipment	(0)	(0)	(0)
1655	Computer and telecommunication equipment, net	909	933	1,128
1656	Computer and telecommunication equipment, cost	8,010	7,589	13,305
1658	Accumulated depreciation, computer and telecommunication equipment	(7,101)	(6,656)	(12,177)

1659	Accumulated impairment, computer and telecommunication equipment	(0)	(0)	(0)
1660	Testing equipment, net	465	741	958
1661	Testing equipment, cost	4,604	4,355	5,324
1663	Accumulated depreciation, testing equipment	(4,139)	(3,614)	(4,366)
1664	Accumulated impairment, testing equipment	(0)	(0)	(0)
1670	Transportation equipment, net	0	0	0
1671	Transportation equipment, cost	0	0	0
1673	Accumulated depreciation, transportation equipment	(0)	(0)	(0)
1674	Accumulated impairment, transportation equipment	(0)	(0)	(0)
1690	Office equipment, net	0	0	0
1691	Office equipment, cost	319	319	367
1693	Accumulated depreciation, office equipment	(319)	(319)	(367)
1694	Accumulated impairment, office equipment	(0)	(0)	(0)
1730	Leasehold improvements, net	0	0	0
1731	Leasehold improvements, cost	0	0	0
1733	Accumulated depreciation, leasehold improvements	(0)	(0)	(0)
1735	Other facilities, net	217	116	130
1736	Other facilities, cost	22,722	22,553	22,662
1738	Accumulated depreciation, other facilities	(22,505)	(22,437)	(22,532)
1739	Accumulated impairment, other facilities	(0)	(0)	(0)
1750	Natural resources, net	0	0	0
1755	Right-of-use assets	29,316	0	0
1760	Investment property, net	0	0	0
1780	Intangible assets	672	1,084	1,221
1805	Goodwill	0	0	0
1821	Other intangible assets, net	672	1,084	1,221
1830	Non-current biological assets	0	0	0
1840	Deferred tax assets	5,902	4,266	2,967
1900	Other non-current assets	243,335	282,312	263,363
1915	Prepayments for business facilities	585	0	0
1920	Guarantee deposits paid	30,417	31,119	23,782
1930	Long-term notes and accounts receivable	0	246,153	234,407
1935	Long-term lease payments receivable	0	246,153	234,407
194D	Long-term finance lease receivable, net	207,255	0	0
1975	Net defined benefit asset, non-current	5,078	5,040	5,174
1980	Other non-current financial assets	0	0	0
1985	Long-term Lease Prepayments	0	0	0
1990	Other non-current assets, others	0	0	0
15XX	Total non-current assets	297,360	305,519	287,062
1XXX	Total assets	1,092,863	1,548,596	1,355,505
	Liabilities and equity			
	Liabilities			
	Current liabilities			
2100	Current borrowings	35,500	177,367	126,522
2130	Current contract liabilities	37,818	191,975	131,938
2150	Notes payable	236	237	27
2170	Accounts payable	217,694	142,788	75,577
2180	Accounts payable to related parties	2,741	7,848	0
2190	Construction contracts payable	0	0	0

2200	Other payables	30,498	262,580	37,381
2219	Other payables, others	30,498	262,580	37,381
2220	Other payables to related parties	727	751	137
2230	Current tax liabilities	4,022	8,671	4,635
2250	Current provisions	41,741	45,995	41,817
2265	Progress billings	0	0	0
2280	Current lease liabilities	8,460	0	0
2300	Other current liabilities	79,460	76,747	78,688
2320	Long-term liabilities, current portion	76,409	74,442	76,842
2355	Current lease obligations payable	0	0	0
2399	Other current liabilities, others	3,051	2,305	1,846
21XX	Total current liabilities	458,897	914,959	496,722
	Non-current liabilities			
2500	Non-current financial liabilities at fair value through profit or loss	0	0	0
2520	Non-current financial liabilities at amortised cost	0	0	0
2530	Bonds payable	0	0	0
2540	Non-current portion of non-current borrowings	73,738	73,596	92,207
2550	Non-current provisions	0	0	0
2570	Deferred tax liabilities	1,089	1,445	1,451
2580	Non-current lease liabilities	24,434	0	0
2600	Other non-current liabilities	50,029	50,224	50,553
2610	Long-term notes and accounts payable	0	0	0
2613	Non-current lease obligations payable	0	0	0
2640	Net defined benefit liability, non-current	0	0	0
2645	Guarantee deposits received	50,029	50,224	50,553
2670	Other non-current liabilities, others	0	0	0
25XX	Total non-current liabilities	149,290	125,265	144,211
2XXX	Total liabilities	608,187	1,040,224	640,933
	Equity			
	Equity attributable to owners of parent			
	Share capital			
3110	Ordinary share	470,000	470,000	673,235
3120	Preference share	0	0	0
3150	Stock dividend to be distributed	0	0	0
3100	Total capital stock	470,000	470,000	673,235
	Capital surplus			
3200	Total capital surplus	145	0	0
	Retained earnings			
3310	Legal reserve	5,033	0	0
3350	Unappropriated retained earnings (accumulated deficit)	23,125	57,906	41,337
3300	Total retained earnings	28,158	57,906	41,337
	Other equity interest			
3410	Exchange differences on translation of foreign financial statements	0	0	0
3490	Other equity, others	0	0	0
3400	Total other equity interest	0	0	0
3500	Treasury shares	(13,627)	(19,534)	(0)
31XX	Total equity attributable to owners of parent	484,676	508,372	714,572
36XX	Non-controlling interests	0	0	0
3XXX	Total equity	484,676	508,372	714,572

3X2X	Total liabilities and equity	1,092,863	1,548,596	1,355,505
3997	Number of share capital awaiting retirement	0	0	0
3998	Equivalent issue shares of advance receipts for ordinary share	0	0	0
3999	Number of shares in entity held by entity and by its subsidiaries	1,396,243	2,000,000	0

Unit: NT\$ thousands EPS Unit: NT\$

Statement of Comprehensive Income					
Code	Accounting Title	2019/7/1To9/30	2018/7/1To9/30	2019/1/1To9/30	2018/1/1To9/30
	Operating revenue				
	Net sales revenue				
4100	Net sales revenue	86,206	88,084	201,330	373,105
	Rental revenue				
4300	Total rental revenue	37	28	84	177
	Construction and engineering revenue				
4500	Total construction and engineering revenue	0	0	0	0
	Service revenue				
4650	Technical service revenue	40,899	34,651	357,128	92,958
4600	Total service revenue	40,899	34,651	357,128	92,958
	Other operating revenue				
4800	Other operating revenue, net	7,436	9,408	24,091	30,338
4000	Total operating revenue	134,578	132,171	582,633	496,578
	Operating costs				
	Cost of sales				
5110	Total cost of sales	74,878	67,466	179,442	335,464
	Cost of rental sales				
5300	Total cost of rental sales	0	4	0	12
	Cost of construction and engineering service sales				
5520	Cost of engineering sales	0	0	0	0
5500	Total cost of construction and engineering service sales	0	0	0	0
	Cost of services				
5650	Costs to provide technical services	37,437	27,277	333,569	74,811
5600	Total cost of services	37,437	27,277	333,569	74,811
5800	Other operating costs	666	735	2,167	2,698
5000	Total operating costs	112,981	95,482	515,178	412,985
5900	Gross profit (loss) from operations	21,597	36,689	67,455	83,593
5950	Gross profit (loss) from operations	21,597	36,689	67,455	83,593
	Operating expenses				
6100	Selling expenses	9,879	10,622	29,603	31,391
6200	Administrative expenses	2,188	7,312	18,604	20,286
6300	Research and development expenses	1,736	1,310	4,904	4,656
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	5,325	2,232	4,322	2,737
6000	Total operating expenses	19,128	21,476	57,433	59,070
6900	Net operating income (loss)	2,469	15,213	10,022	24,523
	Non-operating income and expenses				
	Other income				
7010	Total other income	5,526	1,349	8,006	3,694
	Other gains and losses				
7020	Other gains and losses, net	29	455	990	5,665
	Finance costs				
7050	Finance costs, net	332	527	1,146	726

	Share of profit (loss) of associates and joint ventures accounted for using equity method				
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	0	1,049	0	6,504
7000	Total non-operating income and expenses	5,223	2,326	7,850	15,137
7900	Profit (loss) from continuing operations before tax	7,692	17,539	17,872	39,660
	Tax expense (income)				
7950	Total tax expense (income)	51	4,305	2,030	6,015
8000	Profit (loss) from continuing operations	7,641	13,234	15,842	33,645
	Profit (loss) from discontinued operations				
8100	Total profit (loss) from discontinued operations	0	0	0	0
8200	Profit (loss)	7,641	13,234	15,842	33,645
	Other comprehensive income				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	0	0	0	0
8312	Gains (losses) on revaluation	0	0	0	0
8313	Change in fair value of financial liability attributable to change in credit risk of liability	0	0	0	0
8314	Equity related to non-current assets or disposal groups classified as held for sale that will not be reclassified to profit or loss	0	0	0	0
8315	Equity related to non-current assets or disposal groups classified as held for distribution to owners that will not be reclassified to profit or loss	0	0	0	0
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	0	0	0	0
8317	Gains (losses) on hedging instrument that will not be reclassified to profit or loss	0	0	0	0
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	0	0	0	0
8341	Other components of other comprehensive income that will not be reclassified to profit or loss	0	0	0	0
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	0	0	0	(50)
8310	Components of other comprehensive income that will not be reclassified to profit or loss	0	0	0	50
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	0	6	0	6
8365	Equity related to non-current assets or disposal groups classified as held for sale	0	0	0	0
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	0	0	0	0
8391	Other components of other comprehensive income that will be reclassified to profit or loss	0	0	0	0
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	0	0	0	0
8360	Components of other comprehensive income that will be reclassified to profit or loss	0	6	0	6
8300	Other comprehensive income, net	0	6	0	56
8500	Total comprehensive income	7,641	13,240	15,842	33,701
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	7,641	13,234	15,842	33,645
8620	Profit (loss), attributable to non-controlling interests	0	0	0	0
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	7,641	13,240	15,842	33,701
8720	Comprehensive income, attributable to non-controlling interests	0	0	0	0
	Basic earnings per share				

9710	Basic earnings (loss) per share from continuing operations	0.17	0.20	0.35	0.50
9720	Basic earnings (loss) per share from discontinued operations	0.00	0.00	0.00	0.00
9750	Total basic earnings per share	0.17	0.20	0.35	0.50
	Diluted earnings per share				
9810	Diluted earnings (loss) per share from continuing operations	0.17	0.20	0.35	0.50
9820	Diluted earnings (loss) per share from discontinued operations	0.00	0.00	0.00	0.00
9850	Total diluted earnings per share	0.17	0.20	0.35	0.50

Unit: NT\$ thousands

Statements of Cash Flows				
Code	Accounting Title	2019/1/1To9/30	2018/1/1To9/30	
	Cash flows from (used in) operating activities, indirect method			
A00010	Profit (loss) from continuing operations before tax	17,872	39,660	
A00020	Profit (loss) from discontinued operations before tax	0	0	
A10000	Profit (loss) before tax	17,872	39,660	
	Adjustments			
	Adjustments to reconcile profit (loss)			
A20100	Depreciation expense	5,711	1,645	
A20200	Amortization expense	412	372	
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	4,322	2,737	
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(477)	(653)	
A20900	Interest expense	1,146	726	
A21200	Interest income	(854)	(2,995)	
A21300	Dividend income	(1,000)	0	
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	0	(6,504)	
A22500	Loss (gain) on disposal of property, plan and equipment	(8)	0	
A22900	Loss (gain) on disposal of other assets	0	0	
A23100	Loss (gain) on disposal of investments	0	0	
A23200	Loss (gain) on disposal of investments accounted for using equity method	0	(171)	
A23700	Impairment loss on non-financial assets	678	0	
A23800	Reversal of impairment loss on non-financial assets	0	(455)	
A24100	Unrealized foreign exchange loss (gain)	(486)	(1,383)	
A29900	Other adjustments to reconcile profit (loss)	(38)	(45)	
A20010	Total adjustments to reconcile profit (loss)	9,406	(6,726)	
	Changes in operating assets and liabilities			
	Changes in operating assets			
A31130	Decrease (increase) in notes receivable	983	710	
A31150	Decrease (increase) in accounts receivable	139,388	(83,904)	
A31160	Decrease (increase) in accounts receivable due from related parties	(169)	5,532	
A31180	Decrease (increase) in other receivable	10	33	
A31190	Decrease (increase) in other receivable due from related parties	0	(166)	
A31200	Decrease (increase) in inventories	(28,206)	103,774	
A31230	Decrease (increase) in prepayments	91,735	41,513	
A31240	Decrease (increase) in other current assets	(2,315)	4,064	
A31000	Total changes in operating assets	201,426	71,556	
	Changes in operating liabilities			
A32125	Increase (decrease) in contract liabilities	(155,781)	33,318	
A32130	Increase (decrease) in notes payable	(1)	(18,128)	
A32150	Increase (decrease) in accounts payable	74,097	(40,578)	
A32160	Increase (decrease) in accounts payable to related parties	(5,107)	(3,581)	

A32180	Increase (decrease) in other payable	(28,242)	(4,153)
A32190	Increase (decrease) in other payable to related parties	(24)	(3,560)
A32200	Increase (decrease) in provisions	(4,254)	(9,191)
A32230	Increase (decrease) in other current liabilities	746	(180,363)
A32250	Increase (decrease) in deferred credits	0	0
A32000	Total changes in operating liabilities	(118,566)	(226,236)
A30000	Total changes in operating assets and liabilities	82,860	(154,680)
A20000	Total adjustments	92,266	(161,406)
A33000	Cash inflow (outflow) generated from operations	110,138	(121,746)
A33100	Interest received	1,069	2,592
A33300	Interest paid	(1,751)	(582)
A33500	Income taxes refund (paid)	(8,686)	(4,524)
AAAA	Net cash flows from (used in) operating activities	100,770	(124,260)
	Cash flows from (used in) investing activities		
B00050	Proceeds from disposal of financial assets at amortised cost	34,189	145,379
B00100	Acquisition of financial assets at fair value through profit or loss	0	0
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	0	0
B01800	Acquisition of investments accounted for using equity method	0	0
B02300	Proceeds from disposal of subsidiaries	0	0
B02700	Acquisition of property, plant and equipment	(920)	(314)
B02800	Proceeds from disposal of property, plant and equipment	19	0
B03700	Increase in refundable deposits	0	0
B03800	Decrease in refundable deposits	702	5,453
B04500	Acquisition of intangible assets	(585)	(1,410)
B06000	Increase in long-term lease and installment receivables	0	0
B06100	Decrease in long-term lease and installment receivables	32,010	49,271
B07500	Interest received	0	0
B07600	Dividends received	3,000	8,923
BBBB	Net cash flows from (used in) investing activities	68,415	207,302
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	0	126,624
C00200	Decrease in short-term loans	(141,867)	0
C01600	Proceeds from long-term debt	70,000	0
C01700	Repayments of long-term debt	(67,891)	(67,532)
C03000	Increase in guarantee deposits received	0	370
C03100	Decrease in guarantee deposits received	(195)	0
C04000	Decrease in lease payable	0	0
C04020	Payments of lease liabilities	(5,766)	0
C04500	Cash dividends paid	(45,590)	0
C04700	Capital reduction payments to shareholders	(197,195)	0
C04900	Payments to acquire treasury shares	12	0
CCCC	Net cash flows from (used in) financing activities	(388,492)	59,462
DDDD	Effect of exchange rate changes on cash and cash equivalents	284	1,241
EEEE	Net increase (decrease) in cash and cash equivalents	(219,023)	143,745
E00100	Cash and cash equivalents at beginning of period	483,665	237,429
E00200	Cash and cash equivalents at end of period	264,642	381,174
E00210	Cash and cash equivalents reported in the statement of financial position	264,642	381,174

Unit: NT\$ thousands

Statements of Change in Equity											
	3110	3150	3100	3200	3310	3350	3300	3410	3400	3500	31XX

		Ordinary share	Stock dividend to be distributed	Total share capital	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Total other equity interest	Treasury shares	Total equity attributable to owners of parent
A1	Equity at beginning of period	470,000	0	470,000	0	0	57,906	57,906	0	0	(19,534)	508,372
A3	Effects of retrospective application and retrospective restatement	0	0	0	0	0	0	0	0	0	0	0
A4	Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	0	0	0	0	0	0	0	0	0	0	0
A5	Equity at beginning of period after adjustments	470,000	0	470,000	0	0	57,906	57,906	0	0	(19,534)	508,372
B1	Legal reserve appropriated					5,033	(5,033)	0				0
B5	Cash dividends of ordinary share					0	(45,590)	(45,590)				(45,590)
B9	Stock dividends of ordinary share	0	0	0	0	0	0	0				0
C11	Capital surplus used to offset accumulated deficits				0		0	0				0
D1	Profit (loss)						15,842	15,842				15,842
D3	Other comprehensive income						0	0	0	0		0
D5	Total comprehensive income						15,842	15,842	0	0		15,842
L1	Purchase of treasury shares										12	12
L3	Retirement of treasury share	0		0	145		0	0			5,895	6,040
T1	Others	0	0	0	0	0	0	0	0	0	0	0
Y1	Total increase (decrease) in equity	0	0	0	145	5,033	(34,781)	(29,748)	0	0	5,907	(23,696)
Z1	Equity at end of period	470,000	0	470,000	145	5,033	23,125	28,158	0	0	(13,627)	484,670

Unit: NT\$ thousands

Last year's Statements of Change in Equity												
	3110	3150	3100	3200	3310	3350	3300	3410	3400	3500	31XX	
	Ordinary share	Stock dividend	Total	Capital surplus	Legal reserve	Unappropriated retained	Total	Exchange differences	Total other	Treasury shares	Total equity attributable to owners of parent	

			to be distributed	share capital			earnings (accumulated deficit)	retained earnings	on translation of foreign financial statements	equity interest		to owner of parent
A1	Equity at beginning of period	900,020	0	900,020	19,665	0	(246,450)	(246,450)	(6)	(6)	0	673,22
A3	Effects of retrospective application and retrospective restatement	0	0	0	0	0	7,642	7,642	0	0	0	7,64
A5	Equity at beginning of period after adjustments	900,020	0	900,020	19,665	0	(238,808)	(238,808)	(6)	(6)	0	680,87
B1	Legal reserve appropriated					0	0	0				
B5	Cash dividends of ordinary share					0	0	0				
B9	Stock dividends of ordinary share	0	0	0	0	0	0	0				
C11	Capital surplus used to offset accumulated deficits				(19,665)		19,665	19,665				
D1	Profit (loss)						33,645	33,645				33,64
D3	Other comprehensive income						50	50	6	6		5
D5	Total comprehensive income						33,695	33,695	6	6		33,70
F1	Capital reduction to offset accumulated deficits	(226,785)		(226,785)			226,785	226,785				
T1	Others	0	0	0	0	0	0	0	0	0	0	
Y1	Total increase (decrease) in equity	(226,785)	0	(226,785)	(19,665)	0	280,145	280,145	6	6	0	33,70
Z1	Equity at end of period	673,235	0	673,235	0	0	41,337	41,337	0	0	0	714,57