

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED SEPTEMBER 30

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

Assets	September 30, 2019		December 31, 2018		September 30, 2018		
	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets							
1100	Cash and cash equivalents	\$ 1,327,278	24	\$ 797,699	16	\$ 633,670	12
1110	Financial assets at fair value through profit or loss - current	-	-	-	-	127,506	3
1170	Accounts receivable, net	87,572	2	122,148	3	85,755	2
1200	Other receivables	218,026	4	4,428	-	13,147	-
1210	Other receivables - related parties	10,040	-	4,409	-	8,466	-
1220	Current income tax assets	4,615	-	8,938	-	8,786	-
130X	Inventories	9,948	-	7,280	-	7,702	-
1476	Other current financial assets	1,355,637	25	1,987,042	38	2,001,096	39
1479	Other current assets, others	13,488	-	18,513	-	22,011	1
11XX	Total current assets	<u>3,026,604</u>	<u>55</u>	<u>2,950,457</u>	<u>57</u>	<u>2,908,139</u>	<u>57</u>
Non-current assets							
1510	Financial assets at fair value through profit or loss – non-current	236,613	4	184,143	4	163,344	3
1517	Financial assets at fair value through other comprehensive income - non-current	1,034	-	1,032	-	1,102	-
1550	Investments accounted for using equity method	414,220	8	129,566	2	68,771	1
1600	Property, plant and equipment, net	503,536	9	502,781	10	612,134	12
1755	Right-of-use assets	3,929	-	-	-	-	-
1760	Investment property, net	1,238,687	23	1,361,834	26	1,249,587	25
1840	Deferred income tax assets	51,303	1	46,722	1	52,663	1
1900	Other non-current assets	7,126	-	9,196	-	45,031	1
15XX	Total non-current assets	<u>2,456,448</u>	<u>45</u>	<u>2,235,274</u>	<u>43</u>	<u>2,192,632</u>	<u>43</u>
1XXX	Total assets	<u>\$ 5,483,052</u>	<u>100</u>	<u>\$ 5,185,731</u>	<u>100</u>	<u>\$ 5,100,771</u>	<u>100</u>

(Continued)

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED SEPTEMBER 30

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

Liabilities and Equity		September 30, 2019		December 31, 2018		September 30, 2018	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
2130	Current contract liabilities	\$ 115,965	2	\$ 84,985	2	\$ 95,858	2
2170	Accounts payable	118,468	2	150,034	3	117,928	2
2200	Other payables	467,917	9	488,921	9	515,480	10
2220	Other payables - related parties	3,891	-	1,045	-	1,455	-
2230	Income tax payable	32,831	1	27,076	1	4,069	-
2280	Lease liabilities - current	3,956	-	-	-	-	-
2300	Other current liabilities	3,143	-	18,523	-	2,912	-
21XX	Total current liabilities	<u>746,171</u>	<u>14</u>	<u>770,584</u>	<u>15</u>	<u>737,702</u>	<u>14</u>
Non-current liabilities							
2550	Provisions - non-current	533,392	10	498,131	10	486,262	10
2570	Deferred income tax liabilities	1,022	-	1,011	-	3,542	-
2600	Other non-current liabilities	75,745	1	75,485	1	59,237	1
25XX	Total non-current liabilities	<u>610,159</u>	<u>11</u>	<u>574,627</u>	<u>11</u>	<u>549,041</u>	<u>11</u>
2XXX	Total liabilities	<u>1,356,330</u>	<u>25</u>	<u>1,345,211</u>	<u>26</u>	<u>1,286,743</u>	<u>25</u>
Equity							
Equity attributable to shareholders of the parent							
Capital Stock							
3110	Common stock	842,041	15	849,321	16	848,158	17
Capital surplus							
3200	Capital surplus	1,110,404	20	940,029	18	929,998	18
Retained earnings							
3310	Legal reserve	1,154,554	21	1,121,671	22	1,121,671	22
3320	Special reserve	88,831	2	72,904	1	72,904	1
3350	Unappropriated earnings	1,004,386	18	1,016,150	20	942,995	19
Other equity interest							
3400	Other equity interest	(73,494)	(1)	(88,831)	(2)	(101,698)	(2)
3500	Treasury shares	-	-	(70,724)	(1)	-	-
31XX	Equity attributable to shareholders of the parent	<u>4,126,722</u>	<u>75</u>	<u>3,840,520</u>	<u>74</u>	<u>3,814,028</u>	<u>75</u>
3XXX	Total equity	<u>4,126,722</u>	<u>75</u>	<u>3,840,520</u>	<u>74</u>	<u>3,814,028</u>	<u>75</u>
Significant contingent liabilities and unrecognized contract commitments							
3X2X	Total liabilities and equity	<u>\$ 5,483,052</u>	<u>100</u>	<u>\$ 5,185,731</u>	<u>100</u>	<u>\$ 5,100,771</u>	<u>100</u>

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(Reviewed, not audited)

Items	Three months ended September 30				Nine months ended September 30			
	2019		2018		2019		2018	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Net revenue	\$ 376,859	100	\$ 376,970	100	\$ 1,053,211	100	\$ 1,177,764	100
5000 Operating costs	(55,928)	(15)	(46,603)	(12)	(134,256)	(13)	(140,293)	(12)
5900 Gross profit	320,931	85	330,367	88	918,955	87	1,037,471	88
5920 Realized profit from sales	-	-	1,194	-	-	-	3,583	-
5950 Gross profit from operations	320,931	85	331,561	88	918,955	87	1,041,054	88
Operating expenses								
6100 Sales and marketing	(136,488)	(36)	(130,440)	(35)	(381,278)	(36)	(379,439)	(32)
6200 General and administrative	(30,414)	(8)	(30,868)	(8)	(85,572)	(8)	(88,920)	(7)
6300 Research and development	(90,492)	(24)	(85,269)	(23)	(264,678)	(25)	(255,478)	(22)
6000 Total operating expenses	(257,394)	(68)	(246,577)	(66)	(731,528)	(69)	(723,837)	(61)
6900 Operating income	63,537	17	84,984	22	187,427	18	317,217	27
Non-operating income and expenses								
7010 Other income	53,167	14	41,661	11	145,368	14	106,494	9
7020 Other gains and losses	83,202	22	1,520	1	87,509	8	10,193	1
7050 Finance costs	(23)	-	-	-	(85)	-	-	-
7060 Share of loss of associates and joint ventures accounted for using equity method	(3,457)	(1)	(41,003)	(11)	(44,379)	(4)	(111,410)	(10)
7000 Total non-operating income and expenses	132,889	35	2,178	1	188,413	18	5,277	-
7900 Income before income tax	196,426	52	87,162	23	375,840	36	322,494	27
7950 Income tax expense	(54,296)	(14)	(19,051)	(5)	(88,038)	(9)	(73,897)	(6)
8200 Net income	\$ 142,130	38	\$ 68,111	18	\$ 287,802	27	\$ 248,597	21
Other comprehensive income(loss)								
Components of other comprehensive income that will not be reclassified to profit or loss								
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	\$ -	-	\$ -	-	\$ -	-	\$ 1,218	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	1,218	-
Components of other comprehensive income that will be reclassified to profit or loss subsequently								
8361 Exchange differences arising on translation of foreign operations	(2,451)	(1)	(5,779)	(2)	14,552	2	15,032	2
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method	(632)	-	(220)	-	785	-	1,879	-
8360 Components of other comprehensive income that will be reclassified to profit or loss subsequently	(3,083)	(1)	(5,999)	(2)	15,337	2	16,911	2
8500 Total comprehensive income	\$ 139,047	37	\$ 62,112	16	\$ 303,139	29	\$ 266,726	23
Net income, attributable to:								
8610 Shareholders of the parent	\$ 142,130	38	\$ 68,111	18	\$ 287,802	27	\$ 248,597	21
Total comprehensive income, attributable to:								
8710 Shareholders of the parent	\$ 139,047	37	\$ 62,112	16	\$ 303,139	29	\$ 266,726	23
Earnings per share								
9750 Basic earnings per share	\$ 1.69		\$ 0.80		\$ 3.44		\$ 2.93	
9850 Diluted earnings per share	\$ 1.66		\$ 0.79		\$ 3.36		\$ 2.88	

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Equity attributable to shareholders of the parent									
	Retained Earnings					Other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealized losses on financial assets measured at fair value through other comprehensive income	Unrealized gain (losses) on available-for-sale financial assets	Treasury stocks	Total
Nine months ended September 30, 2018										
Balance at January 1, 2018	\$ 871,307	\$ 1,062,577	\$ 1,097,515	\$ -	\$ 897,417	(\$ 107,163)	\$ -	\$ 34,259	(\$ 14,356)	\$ 3,841,556
Effect of retrospective application and retrospective restatement	-	-	-	-	36,193	-	(11,446)	(34,259)	-	(9,512)
Balance at 1 January after adjustments	<u>871,307</u>	<u>1,062,577</u>	<u>1,097,515</u>	<u>-</u>	<u>933,610</u>	<u>(107,163)</u>	<u>(11,446)</u>	<u>-</u>	<u>(14,356)</u>	<u>3,832,044</u>
Net income for the nine months ended September 30, 2018	-	-	-	-	248,597	-	-	-	-	248,597
Other comprehensive income for the nine months ended September 30, 2018	-	-	-	-	1,218	16,911	-	-	-	18,129
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	249,815	16,911	-	-	-	266,726
Distribution of 2017 earnings										
Legal reserve	-	-	24,156	-	(24,156)	-	-	-	-	-
Special reserve	-	-	-	72,904	(72,904)	-	-	-	-	-
Cash dividends	-	-	-	-	(143,370)	-	-	-	-	(143,370)
Purchase of treasury share	-	-	-	-	-	-	-	-	(183,386)	(183,386)
Retirement of treasury share	(29,990)	(167,752)	-	-	-	-	-	-	197,742	-
Share-based payment transactions	-	5,972	-	-	-	-	-	-	-	5,972
Employee stock options exercised	6,841	25,263	-	-	-	-	-	-	-	32,104
Change in net equity of associates accounted for using equity method	-	3,938	-	-	-	-	-	-	-	3,938
Balance at September 30, 2018	<u>\$ 848,158</u>	<u>\$ 929,998</u>	<u>\$ 1,121,671</u>	<u>\$ 72,904</u>	<u>\$ 942,995</u>	<u>(\$ 90,252)</u>	<u>(\$ 11,446)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,814,028</u>
Nine months ended September 30, 2019										
Balance at January 1, 2019	\$ 849,321	\$ 940,029	\$ 1,121,671	\$ 72,904	\$ 1,016,150	(\$ 77,314)	(\$ 11,517)	\$ -	(\$ 70,724)	\$ 3,840,520
Net income for the nine months ended September 30, 2019	-	-	-	-	287,802	-	-	-	-	287,802
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	15,337	-	-	-	15,337
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	287,802	15,337	-	-	-	303,139
Distribution of 2018 earnings										
Legal reserve	-	-	32,883	-	(32,883)	-	-	-	-	-
Special reserve	-	-	-	15,927	(15,927)	-	-	-	-	-
Cash dividends	-	-	-	-	(250,756)	-	-	-	-	(250,756)
Purchase of treasury share	-	-	-	-	-	-	-	-	(24,807)	(24,807)
Retirement of treasury share	(13,940)	(81,591)	-	-	-	-	-	-	95,531	-
Share-based payment transactions	-	2,399	-	-	-	-	-	-	-	2,399
Employee stock options exercised	6,660	24,949	-	-	-	-	-	-	-	31,609
Change in net equity of associates accounted for using equity method	-	224,618	-	-	-	-	-	-	-	224,618
Balance at September 30, 2019	<u>\$ 842,041</u>	<u>\$ 1,110,404</u>	<u>\$ 1,154,554</u>	<u>\$ 88,831</u>	<u>\$ 1,004,386</u>	<u>(\$ 61,977)</u>	<u>(\$ 11,517)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,126,722</u>

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 375,840	\$ 322,494
Adjustments		
Adjustments to reconcile profit (loss)		
Realized gain	-	(3,583)
Gain from reversal of bad debts	-	(548)
(Gain) loss on financial assets at fair value through profit or loss	(740)	10,920
Depreciation expense	22,760	17,654
Interest income	(45,983)	(31,047)
Dividend income	(12,935)	(2,514)
Interest expense	85	-
Employees' stock option cost	2,399	5,972
Loss on disposal and scrapping of property, plant, and equipment	29	-
Share of loss of associates and joint ventures accounted for using equity method	44,379	111,410
Gain on disposal of non-current assets held for sale	(95,934)	-
Overdue accounts payable transferred to revenue	-	(8,188)
Changes in operating assets and liabilities		
Changes in operating assets		
Financial assets mandatorily measured at fair value through profit or loss	(51,120)	(9,384)
Accounts receivable	37,304	32,877
Other receivables	(2,118)	(6,484)
Other receivable-related parties	(5,606)	3,178
Inventories	(2,668)	(682)
Other current assets, others	5,148	(7,160)
Other non-current assets	2,815	(4,058)
Changes in operating liabilities		
Current contract liabilities	29,042	(14,534)
Accounts payable	(33,826)	(20,849)
Other payables	(25,160)	(49,076)
Other payables-related parties	2,842	(667)
Other current liabilities	(15,456)	(563)
Provisions	35,261	39,416
Other non-current liabilities	(299)	(351)
Cash inflow generated from operations	266,059	384,233
Interest received	46,541	29,532
Dividends received	11,973	442
Interest paid	(85)	-
Dividends paid	(250,756)	(143,370)
Income tax paid	(81,897)	(100,095)
Net cash flows (used in) from operating activities	(8,165)	170,742

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CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	<u>Nine months ended</u> <u>September 30, 2019</u>	<u>Nine months ended</u> <u>September 30, 2018</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease (increase) in other financial assets	\$ 637,174	(\$ 647,251)
Acquisition of investments accounted for using equity method	(103,630)	-
Acquisition of property, plant, and equipment	(4,258)	(167,100)
Increase in refundable deposits	(550)	(185)
Net cash flows from (used in) investing activities	<u>528,736</u>	<u>(814,536)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in deposits received	290	908
Repayment of the principal portion of lease liabilities	(4,347)	-
Exercise of employee stock options	31,609	32,104
Acquisition of treasury shares	(24,807)	(183,386)
Net cash flows from (used in) financing activities	<u>2,745</u>	<u>(150,374)</u>
Effects of changes in exchange rates of foreign currency holdings	<u>6,263</u>	<u>18,213</u>
Net increase (decrease) in cash and cash equivalents	529,579	(775,955)
Cash and cash equivalents at beginning of period	<u>797,699</u>	<u>1,409,625</u>
Cash and cash equivalents at end of period	<u>\$ 1,327,278</u>	<u>\$ 633,670</u>

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