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HTC CORPORATION

2Q19 RESULTS SUMMARY

August 9th 2019



DISCLAIMER STATEMENT

- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of HTC as of the date of this release. HTC undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.



EXECUTIVE SUMMARY

2Q19 Financial Highlights:

- Quarterly revenue of NT\$2.81 billion with gross margin of 20.3%, up 5.6% sequentially and the sixth consecutive quarterly increase since Q4'17
- Quarterly operating loss of NT\$2.49 billion with operating margin of -88.5%
- Quarterly net loss after tax: NT\$2.23 billion, or -NT\$2.71 per share



EXECUTIVE SUMMARY

2Q19 Business Update:

VIVE VIRTUAL REALITY

Demonstrated commitment to providing premium VR hardware and the software and services that will power the future of Vive VR for consumers and enterprises.

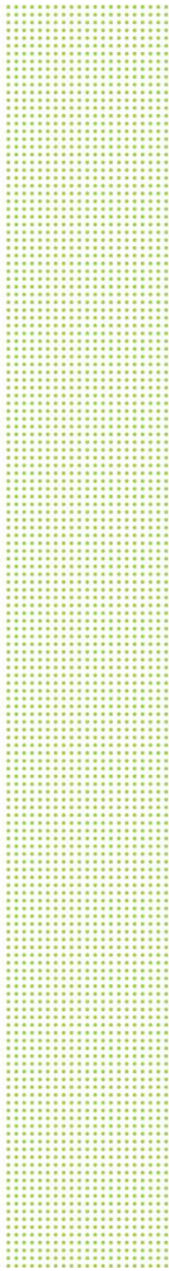
- **VIVEPORT Infinity** launched as the first unlimited subscription service for VR, supporting multiple VR headsets. Since VIVEPORT Infinity debuted in April, users have launched nearly 900,000 game titles.
- HTC launched the **VIVE Enterprise Solutions** business to leverage HTC's popularity among commercial applications of virtual reality across several key verticals.
- **VIVE with SYNnex:** HTC announced an agreement with SYNnex Corporation, a leading business process services company, to provide enterprise resellers with HTC VIVE solutions designed for markets including architecture, construction and engineering; product design; healthcare and medicine; and education.
- More details about the forthcoming **VIVE COSMOS** headset were released, including resolution specs, design updates, and more; Vive Cosmos, created for a new level of accessibility and ease of use, will debut in 2H 2019.
- HTC continued developing the '**VIVE Reality System,**' a reimagining of what VR should look like (as unveiled in Q1) in the age of spatial computing with fresh ways to display content and transport users between immersive environments.

HTC Smartphones and Connected Devices

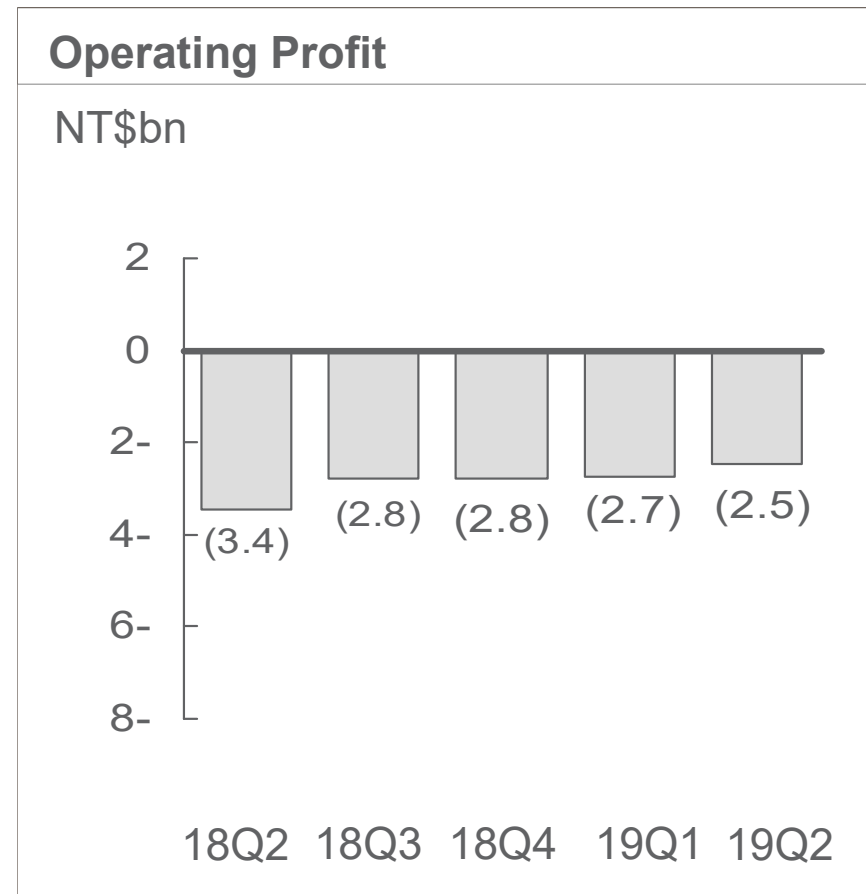
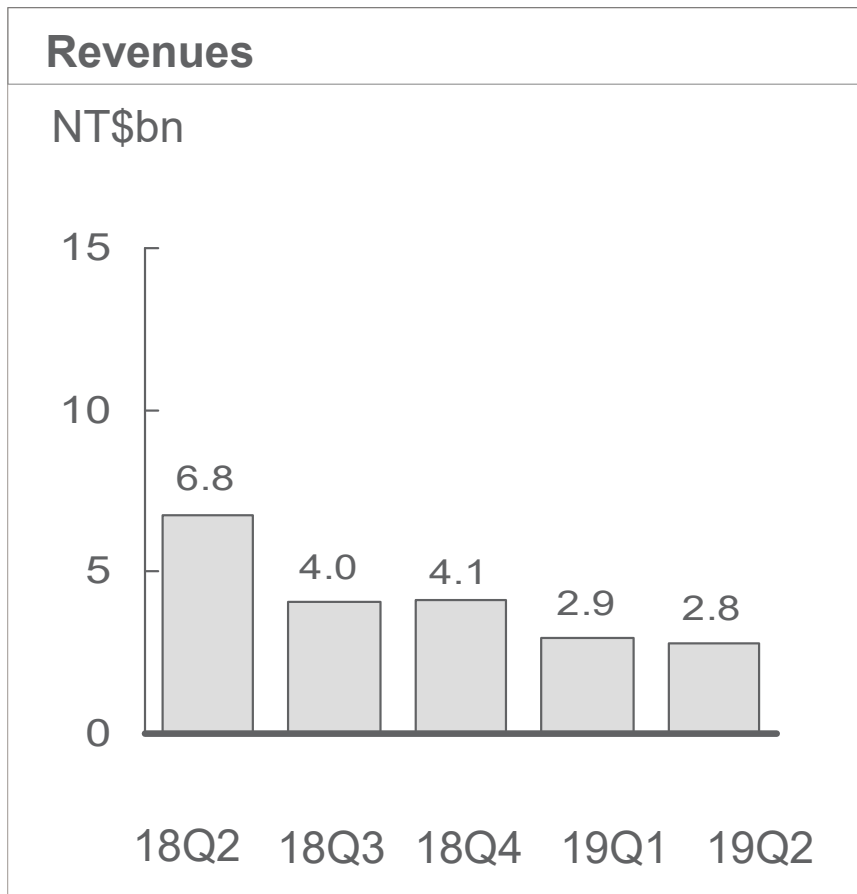
The **HTC 5G Hub** is an easy-to-use, versatile device that enables smooth 4K video streaming, low-latency gaming, and 5G mobile hotspot features for up to 20 devices.

- Sprint launched HTC's first 5G-centric product, the 5G Hub, in cities across North America, further demonstrating its commitment to being at the forefront of emerging technology.
- EE in the UK went live with its HTC 5G Hub in June. The UK's number 1 mobile network also announced the news that 5G capability will now be available in ten cities across the UK.
- Sunrise (one of Switzerland's largest telecommunications companies) also launched its 5G Hub in June 2019.

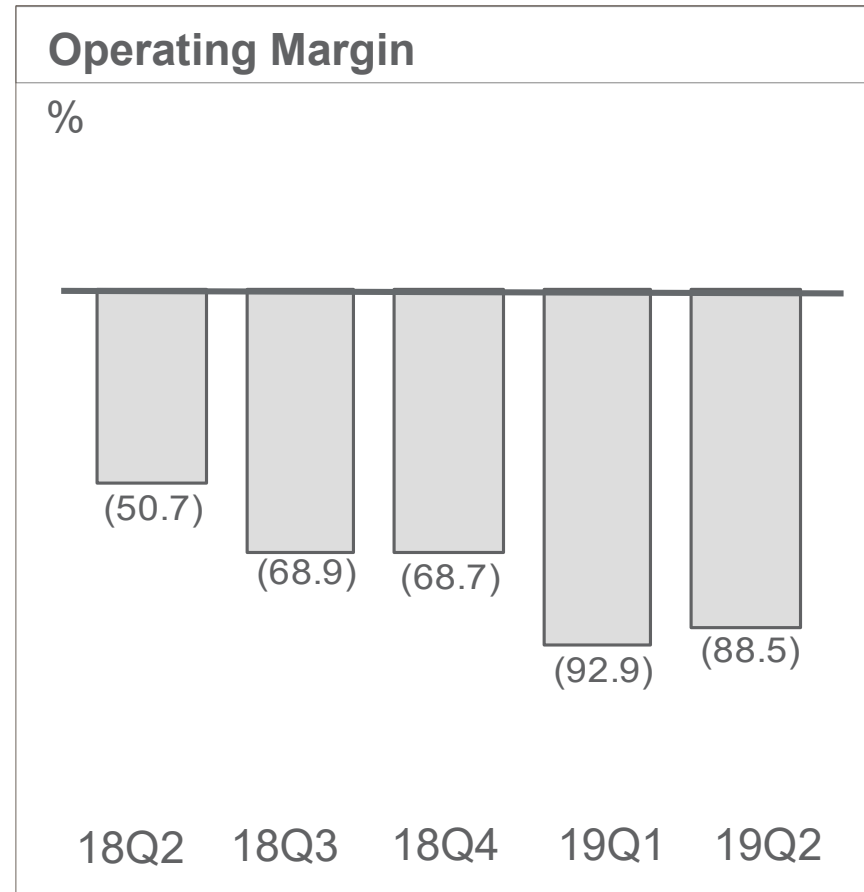
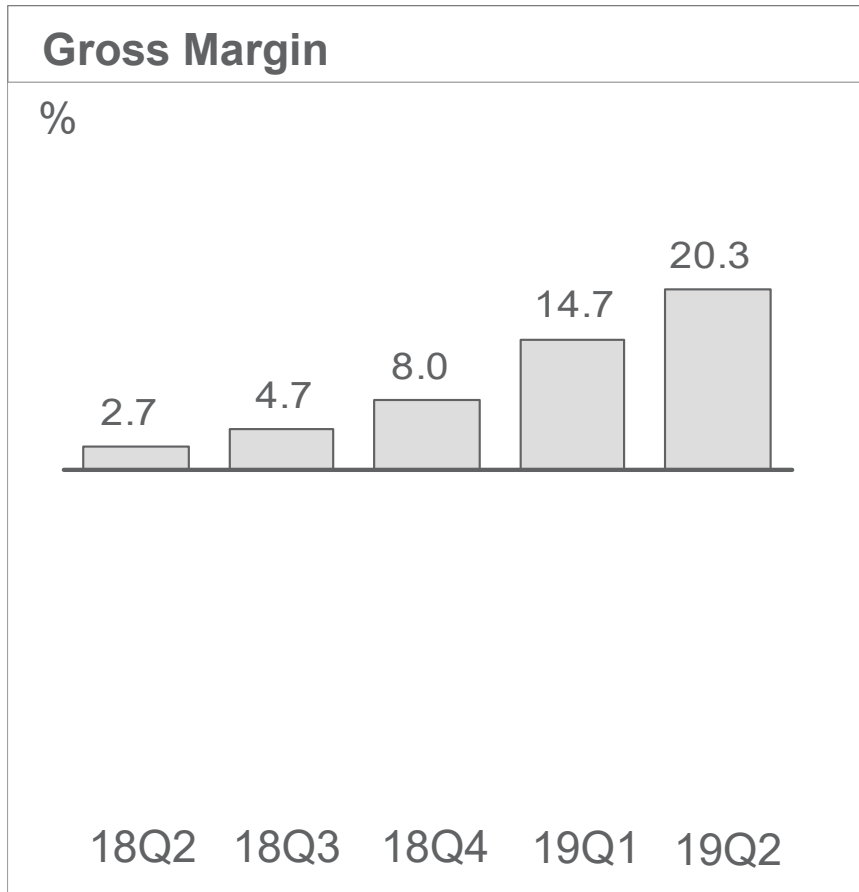
HTC U19e and HTC Desire 19+ launched in selected markets (including Taiwan) over the last couple of months, demonstrating our continued commitment to this important segment of digital world.



REVENUES AND OPERATING PROFIT



GROSS AND OPERATING MARGINS





2Q 2019 P&L (CONSOLIDATED)

NT\$bn	2Q 18	1Q 19	2Q 19
REVENUES	6.8	2.9	2.8
GROSS PROFIT	0.2	0.4	0.6
OPERATING EXPENSE	<u>3.6</u>	<u>3.2</u>	<u>3.1</u>
SALES MKTING.	1.0	0.8	0.7
RESEARCH DEV.	1.7	1.5	1.5
GENERAL ADM.	1.0	0.9	0.9
OPERATING PROFIT	-3.4	-2.7	-2.5
NPBT	-2.1	-2.5	-2.2
NPAT ¹	-2.1	-2.5	-2.2
GROSS MARGIN (%)	2.7%	14.7%	20.3%
OPERATING MARGIN (%)	-50.7%	-92.9%	-88.5%
EPS ² (NT\$)	-2.53	-2.98	-2.71

¹ Attributable to stockholders of parent company, excluding minority interest.

² EPS was calculated based on number of outstanding shares at that time.



2Q 2019 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Jun 30, 18	Mar 31, 19	Jun 30, 19
TOTAL ASSETS	79.7	64.7	61.4
Cash ¹	46.2	38.7	36.2
AR	3.5	1.4	1.3
INVENTORY	5.0	3.2	3.1
OTHER ASSETS	25.0	21.4	20.8
TOTAL LIABILITIES	26.9	21.3	20.5
TOTAL EQUITY ²	52.8	43.4	40.9
CASH CONVERSION CYCLE	47	-39	-46

1. Includes time deposits with original maturities more than 3 months

2. Attributable to stockholders of parent company, excluding minority interest.

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 28,051,098	46	\$ 24,449,548	36	\$ 29,311,099	37
Financial assets at fair value through profit or loss - current (Note 7)	109,519	-	83,411	-	541,782	1
Financial assets at fair value through other comprehensive income - current (Note 8)	827,135	1	409,412	1	442,106	1
Trade receivables, net (Notes 10 and 31)	1,333,454	2	1,683,150	3	3,526,821	4
Other receivables (Note 10)	139,283	-	221,707	-	256,226	-
Current tax assets	232,956	1	222,387	-	131,245	-
Inventories (Note 11)	3,114,753	5	3,301,645	5	5,006,623	6
Prepayments (Note 12)	531,295	1	1,160,299	2	1,444,846	2
Other current financial assets (Notes 9 and 32)	7,984,820	13	16,915,835	25	16,722,067	21
Other current assets	2,313	-	12,812	-	161,703	-
Total current assets	42,326,626	69	48,460,206	72	57,544,518	72
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	269,891	-	236,464	-	156,900	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	2,359,600	4	2,325,020	3	2,770,536	3
Investments accounted for using the equity method (Note 14)	512,094	1	446,133	1	397,903	1
Property, plant and equipment (Note 15)	8,226,190	13	8,425,886	13	8,503,733	11
Right-of-use assets (Note 16)	451,962	1	-	-	-	-
Investment properties, net (Note 17)	2,039,874	3	2,090,226	3	2,117,598	3
Intangible assets (Note 18)	603,583	1	1,181,256	2	1,751,780	2
Deferred tax assets	3,967,204	7	3,957,060	6	3,937,116	5
Refundable deposits (Note 30)	121,164	-	124,962	-	132,937	-
Net defined benefit asset - non-current	274,871	1	270,358	-	25,955	-
Other non-current financial assets (Notes 9 and 32)	155,343	-	153,638	-	152,463	-
Other non-current assets (Note 12)	44,930	-	39,610	-	2,186,457	3
Total non-current assets	19,026,706	31	19,250,613	28	22,133,378	28
TOTAL	\$ 61,353,332	100	\$ 67,710,819	100	\$ 79,677,896	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - current (Note 7)	\$ 168,733	-	\$ 82,156	-	\$ 334,147	-
Note and trade payables (Notes 19 and 31)	8,543,447	14	9,812,847	15	11,584,331	15
Other payables (Notes 20 and 31)	7,900,903	13	9,223,293	14	10,395,111	13
Current tax liabilities	269,955	-	241,167	-	372,805	1
Provisions - current (Note 21)	2,037,307	3	2,004,190	3	2,697,269	3
Lease liabilities - current (Notes 16 and 31)	143,796	-	-	-	-	-
Other current liabilities (Note 20)	890,751	2	953,447	1	1,367,468	2
Total current liabilities	19,954,892	32	22,317,100	33	26,751,131	34
NON-CURRENT LIABILITIES						
Deferred tax liabilities	45,969	-	43,451	-	56,232	-
Lease liabilities - non-current (Notes 16 and 31)	326,242	1	-	-	-	-
Guarantee deposits received (Note 30)	166,967	-	130,400	-	110,541	-
Total non-current liabilities	539,178	1	173,851	-	166,773	-
Total liabilities	20,494,070	33	22,490,951	33	26,917,904	34
EQUITY (Note 22)						
Share capital - ordinary shares	8,188,119	14	8,188,135	12	8,192,617	10
Capital surplus	15,515,328	25	15,576,268	23	15,575,798	20
Retained earnings						
Legal reserve	18,895,136	31	18,297,655	27	18,297,655	23
Special reserve	3,080,480	5	-	-	-	-
(Accumulated deficits) unappropriated earnings	(2,477,499)	(4)	6,194,337	9	12,990,038	16
Other equity	(2,370,366)	(4)	(3,087,557)	(4)	(2,373,249)	(3)
Total equity attributable to owners of the parent	40,831,198	67	45,168,838	67	52,682,859	66
NON-CONTROLLING INTERESTS	28,064	-	51,030	-	77,133	-
Total equity	40,859,262	67	45,219,868	67	52,759,992	66
TOTAL	\$ 61,353,332	100	\$ 67,710,819	100	\$ 79,677,896	100

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 31)	\$ 2,807,105	100	\$ 6,774,460	100	\$ 5,750,731	100	\$ 15,563,203	100
OPERATING COST (Notes 11, 24 and 31)	<u>2,236,819</u>	<u>80</u>	<u>6,594,478</u>	<u>97</u>	<u>4,749,016</u>	<u>83</u>	<u>15,568,685</u>	<u>100</u>
GROSS PROFIT (LOSS)	<u>570,286</u>	<u>20</u>	<u>179,982</u>	<u>3</u>	<u>1,001,715</u>	<u>17</u>	<u>(5,482)</u>	<u>-</u>
OPERATING EXPENSES (Notes 24 and 31)								
Selling and marketing	718,165	26	955,875	14	1,485,960	26	2,213,515	14
General and administrative	886,565	31	1,007,436	15	1,829,481	32	1,875,227	12
Research and development	<u>1,450,840</u>	<u>52</u>	<u>1,652,484</u>	<u>25</u>	<u>2,905,770</u>	<u>50</u>	<u>4,245,433</u>	<u>28</u>
Total operating expenses	<u>3,055,570</u>	<u>109</u>	<u>3,615,795</u>	<u>54</u>	<u>6,221,211</u>	<u>108</u>	<u>8,334,175</u>	<u>54</u>
OPERATING LOSS	<u>(2,485,284)</u>	<u>(88)</u>	<u>(3,435,813)</u>	<u>(51)</u>	<u>(5,219,496)</u>	<u>(91)</u>	<u>(8,339,657)</u>	<u>(54)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 24)	306,284	11	302,572	4	634,633	11	587,383	4
Other gains and losses (Notes 12, 18 and 24)	(16,322)	(1)	1,074,564	16	(61,164)	(1)	32,101,717	206
Finance costs (Note 24)	(8,063)	-	(691)	-	(11,783)	-	(692)	-
Share of the loss of associates (Note 14)	<u>(26,641)</u>	<u>(1)</u>	<u>(10,157)</u>	<u>-</u>	<u>(28,703)</u>	<u>-</u>	<u>(23,496)</u>	<u>-</u>
Total non-operating income and expenses	<u>255,258</u>	<u>9</u>	<u>1,366,288</u>	<u>20</u>	<u>532,983</u>	<u>10</u>	<u>32,664,912</u>	<u>210</u>
(LOSS) PROFIT BEFORE INCOME TAX	(2,230,026)	(79)	(2,069,525)	(31)	(4,686,513)	(81)	24,325,255	156
INCOME TAX BENEFIT (EXPENSE) (Note 25)	<u>1,001</u>	<u>-</u>	<u>(15,620)</u>	<u>-</u>	<u>1,983</u>	<u>-</u>	<u>(5,320,836)</u>	<u>(34)</u>
(LOSS) PROFIT FOR THE PERIOD	<u>(2,229,025)</u>	<u>(79)</u>	<u>(2,085,145)</u>	<u>(31)</u>	<u>(4,684,530)</u>	<u>(81)</u>	<u>19,004,419</u>	<u>122</u>

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized income on investments in equity instruments designated as at fair value through other comprehensive income (loss)	\$ 117,442	4	\$ (362,536)	(5)	\$ 391,956	7	\$ (340,290)	(2)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(22,009)	(1)	543,339	8	318,914	5	356,221	2
Other comprehensive income for the period, net of income tax	95,433	3	180,803	3	710,870	12	15,931	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ (2,133,592)</u>	<u>(76)</u>	<u>\$ (1,904,342)</u>	<u>(28)</u>	<u>\$ (3,973,660)</u>	<u>(69)</u>	<u>\$ 19,020,350</u>	<u>122</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:								
Owners of the parent	\$ (2,217,052)	(79)	\$ (2,074,417)	(31)	\$ (4,661,027)	(81)	\$ 19,021,775	122
Non-controlling interests	(11,973)	-	(10,728)	-	(23,503)	-	(17,356)	-
	<u>\$ (2,229,025)</u>	<u>(79)</u>	<u>\$ (2,085,145)</u>	<u>(31)</u>	<u>\$ (4,684,530)</u>	<u>(81)</u>	<u>\$ 19,004,419</u>	<u>122</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:								
Owners of the parent	\$ (2,121,984)	(76)	\$ (1,896,750)	(28)	\$ (3,950,694)	(69)	\$ 19,035,289	122
Non-controlling interests	(11,608)	-	(7,592)	-	(22,966)	-	(14,939)	-
	<u>\$ (2,133,592)</u>	<u>(76)</u>	<u>\$ (1,904,342)</u>	<u>(28)</u>	<u>\$ (3,973,660)</u>	<u>(69)</u>	<u>\$ 19,020,350</u>	<u>122</u>
(LOSS) EARNINGS PER SHARE (Note 26)								
Basic	\$ (2.71)		\$ (2.53)		\$ (5.69)		\$ 23.19	
Diluted	\$ (2.71)		\$ (2.53)		\$ (5.69)		\$ 22.82	

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent											Non-controlling Interests	Total Equity
	Retained Earnings					Other Equity							
	Share Capital Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	(Accumulated Deficits) Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Losses on Available-for-sale Financial Assets	Unearned Employee Benefit	Total			
BALANCE, JANUARY 1, 2018	\$ 8,208,261	\$ 15,551,491	\$ 18,297,655	\$ -	\$ (6,093,403)	\$ (2,183,148)	\$ -	\$ (35,690)	\$ (49,590)	\$ 33,695,576	\$ 29,552	\$ 33,725,128	
Effect of retrospective application	-	-	-	-	104,732	-	(171,354)	35,690	-	(30,932)	-	(30,932)	
BALANCE, JANUARY 1, 2018 AS RESTATED	8,208,261	15,551,491	18,297,655	-	(5,988,671)	(2,183,148)	(171,354)	-	(49,590)	33,664,644	29,552	33,694,196	
Net profit (loss) for the six months ended June 30, 2018	-	-	-	-	19,021,775	-	-	-	-	19,021,775	(17,356)	19,004,419	
Other comprehensive income and loss for the six months ended June 30, 2018	-	-	-	-	-	353,804	(340,290)	-	-	13,514	2,417	15,931	
Issuance of shares from exercise of employee share options	1,490	6,631	-	-	-	-	-	-	-	8,121	-	8,121	
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(43,066)	-	-	-	-	(43,066)	62,520	19,454	
Share-based payments	(17,134)	17,676	-	-	-	-	-	-	17,329	17,871	-	17,871	
BALANCE, JUNE 30, 2018	<u>\$ 8,192,617</u>	<u>\$ 15,575,798</u>	<u>\$ 18,297,655</u>	<u>\$ -</u>	<u>\$ 12,990,038</u>	<u>\$ (1,829,344)</u>	<u>\$ (511,644)</u>	<u>\$ -</u>	<u>\$ (32,261)</u>	<u>\$ 52,682,859</u>	<u>\$ 77,133</u>	<u>\$ 52,759,992</u>	
BALANCE, JANUARY 1, 2019	\$ 8,188,135	\$ 15,576,268	\$ 18,297,655	\$ -	\$ 6,194,337	\$ (2,052,019)	\$ (1,028,461)	\$ -	\$ (7,077)	\$ 45,168,838	\$ 51,030	\$ 45,219,868	
Appropriation of 2018 earnings	-	-	597,481	-	(597,481)	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	(597,481)	-	-	-	-	-	-	-	
Special reserve	-	-	-	3,080,480	(3,080,480)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(311,148)	-	-	-	-	(311,148)	-	(311,148)	
Net loss for the six months ended June 30, 2019	-	-	-	-	(4,661,027)	-	-	-	-	(4,661,027)	(23,503)	(4,684,530)	
Other comprehensive income and loss for the six months ended June 30, 2019	-	-	-	-	-	318,377	391,956	-	-	710,333	537	710,870	
Changes in capital surplus from investments in associates accounted for using the equity method	-	(60,873)	-	-	(21,700)	-	-	-	-	(82,573)	-	(82,573)	
Share-based payments	(16)	(67)	-	-	-	-	-	-	6,858	6,775	-	6,775	
BALANCE, JUNE 30, 2019	<u>\$ 8,188,119</u>	<u>\$ 15,515,328</u>	<u>\$ 18,895,136</u>	<u>\$ 3,080,480</u>	<u>\$ (2,477,499)</u>	<u>\$ (1,733,642)</u>	<u>\$ (636,505)</u>	<u>\$ -</u>	<u>\$ (219)</u>	<u>\$ 40,831,198</u>	<u>\$ 28,064</u>	<u>\$ 40,859,262</u>	

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (4,686,513)	\$ 24,325,255
Adjustments for:		
Depreciation expenses	367,041	276,032
Amortization expenses	596,908	594,348
Finance costs	11,783	692
Interest income	(234,363)	(311,543)
Dividend income	(33)	-
Compensation costs of employee share-based payments	6,775	17,871
Share of the loss of associates	28,703	23,496
Net (gain) loss on disposal of property, plant and equipment	(83,621)	2,491
Net gain on disposal of assets and licensing income (Note 24)	-	(31,285,385)
Net gain on disposal of non-current assets held for sale	-	(1,077,246)
Net gain on disposal of subsidiary	-	(15,396)
Impairment loss on non-financial assets	83,218	590,490
Reversals of impairment loss on non-financial assets	(8,958)	-
Changes in operating assets and liabilities		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	60,469	(217,620)
Decrease in trade receivables	349,696	5,006,689
Decrease (increase) in other receivables	26,916	(128,042)
Decrease in inventories	103,674	1,784,313
Decrease in prepayments	629,004	292,252
Decrease (increase) in other current assets	10,499	(25,882)
(Increase) decrease in other non-current assets	(3,947)	18,259
Decrease in note and trade payables	(1,269,400)	(2,984,891)
Decrease in other payables	(1,607,456)	(1,250,120)
Increase (decrease) in provisions	33,117	(679,932)
Decrease in other current liabilities	(62,696)	(106,724)
Cash used in operating activities	(5,649,184)	(5,150,593)
Interest received	289,871	286,856
Interest paid	(11,783)	(692)
Income taxes refunded (paid)	14,453	(133,055)
Net cash used in operating activities	(5,356,643)	(4,997,484)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(153,254)	(144,463)
Return of investments accounted for fair value through other comprehensive income	119,006	-
Purchase of financial assets at fair value through profit or loss	(30,565)	(28,926)

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
Acquisition of investments accounted for using the equity method	\$ (171,767)	\$ -
Net cash inflow on disposal of subsidiary	-	106,918
Proceeds from disposal of non-current assets held for sale	-	2,748,931
Payments for property, plant and equipment	(75,089)	(283,379)
Proceeds from disposal of property, plant and equipment	87,639	81,649
Decrease in advance receipts - disposal of property	-	(1,374,465)
Decrease in refundable deposits	3,798	6,079
Payments for intangible assets	(4,201)	-
Proceeds from disposal of intangible assets	4,732	-
Increase in other financial assets	-	(8,886,167)
Decrease in other financial assets	8,929,310	-
Dividends received	33	-
Proceeds from disposal of assets and licensing income (Note 24)	<u>-</u>	<u>31,285,385</u>
Net cash generated from investing activities	<u>8,709,642</u>	<u>23,511,562</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	36,567	104,860
Repayment of the principal portion of lease liabilities	(53,334)	-
Proceeds from exercise of employee share options	-	8,121
Change in non-controlling interests	<u>-</u>	<u>19,454</u>
Net cash (used in) generated from financing activities	<u>(16,767)</u>	<u>132,435</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>265,318</u>	<u>221,359</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,601,550	18,867,872
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>24,449,548</u>	<u>10,443,227</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 28,051,098</u>	<u>\$ 29,311,099</u>

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

(Concluded)