



HTC CORPORATION

3Q19 RESULTS SUMMARY

November 13th 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

3Q19 Financial Highlights:

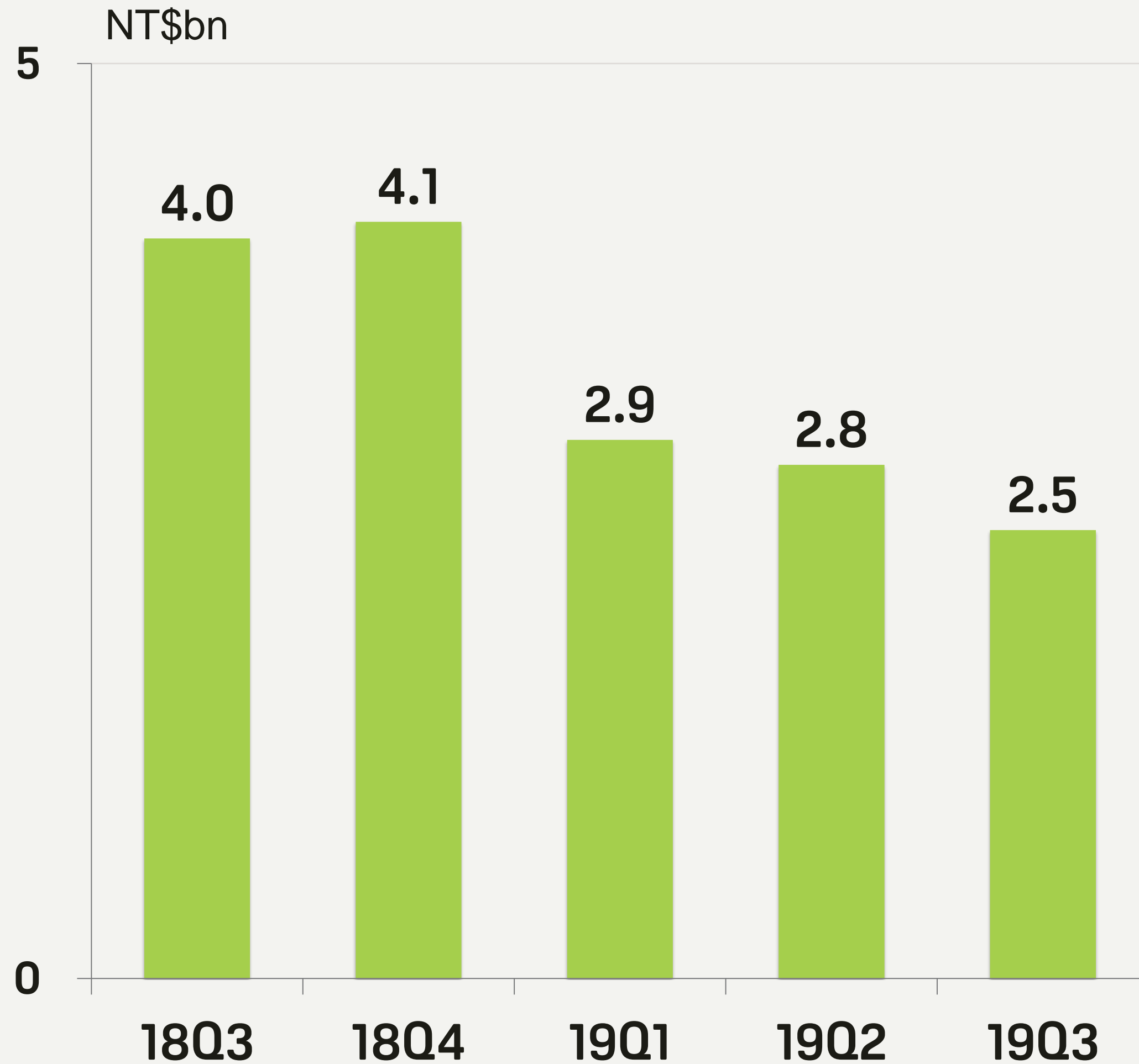
- Quarterly revenue of NT\$2.45 billion with gross margin of 22.9%; the gross margin represents 2.6% sequential growth, and the seventh consecutive quarterly increase since Q4'17
- Quarterly operating loss of NT\$2.42 billion with operating margin of -98.6%
- Quarterly net loss after tax was NT\$2.36 billion, or -NT\$2.86 per share

EXECUTIVE SUMMARY

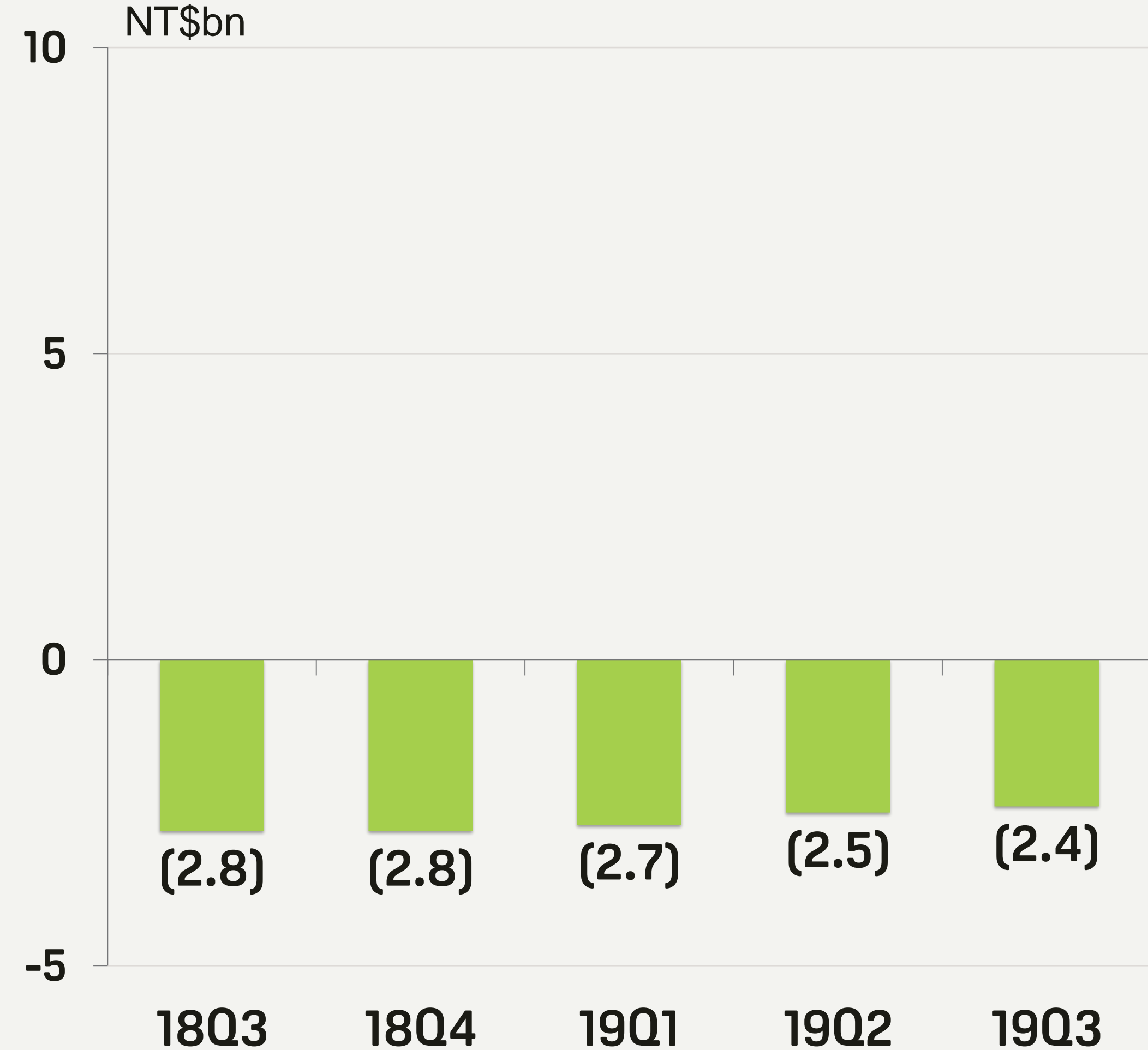
- In September 2019, HTC announced that Yves Maitre, former Executive Vice President of Orange, took over from Cher Wang as CEO of HTC. Maitre brings to HTC a strong background at one of the world's largest carriers, and expertise in partnerships, devices and consumer trends. Cher Wang continues as Chairwoman of the Company, with a focus on future technologies and product trends.
- Over the 3rd quarter, HTC demonstrated continued commitment to providing premium VR hardware along with the software and services to power the future of Vive VR for consumers and enterprise. The new VIVE Cosmos headset were announced over the summer, Vive Cosmos creates a new level of accessibility and ease of use and offers a headset that grows with the user over time thanks to “Modular” functionality.
- On the VR content side, HTC VIVE Originals set a record at the Venice Film Festival by entering five VR works into the festival, the festival marked HTC's pioneering work in both technology and immersive VR content.
- At the same time, the VIVEPORT Infinity service continued to build subscriber momentum over the quarter, and the service was launched for the Valve Index and Samsung Odyssey devices, offering the wide range of VR content to an even larger audience.
- Advancing the 5G ecosystem, the HTC 5G Hub enables smooth 4K video streaming, low-latency gaming, and 5G mobile hotspot features for up to 20 users. Sprint continues to expand its 5G network in cities across North America during the quarter, further demonstrating its commitment to being at the forefront of this emerging technology.

REVENUES AND OPERATING PROFIT

Revenues

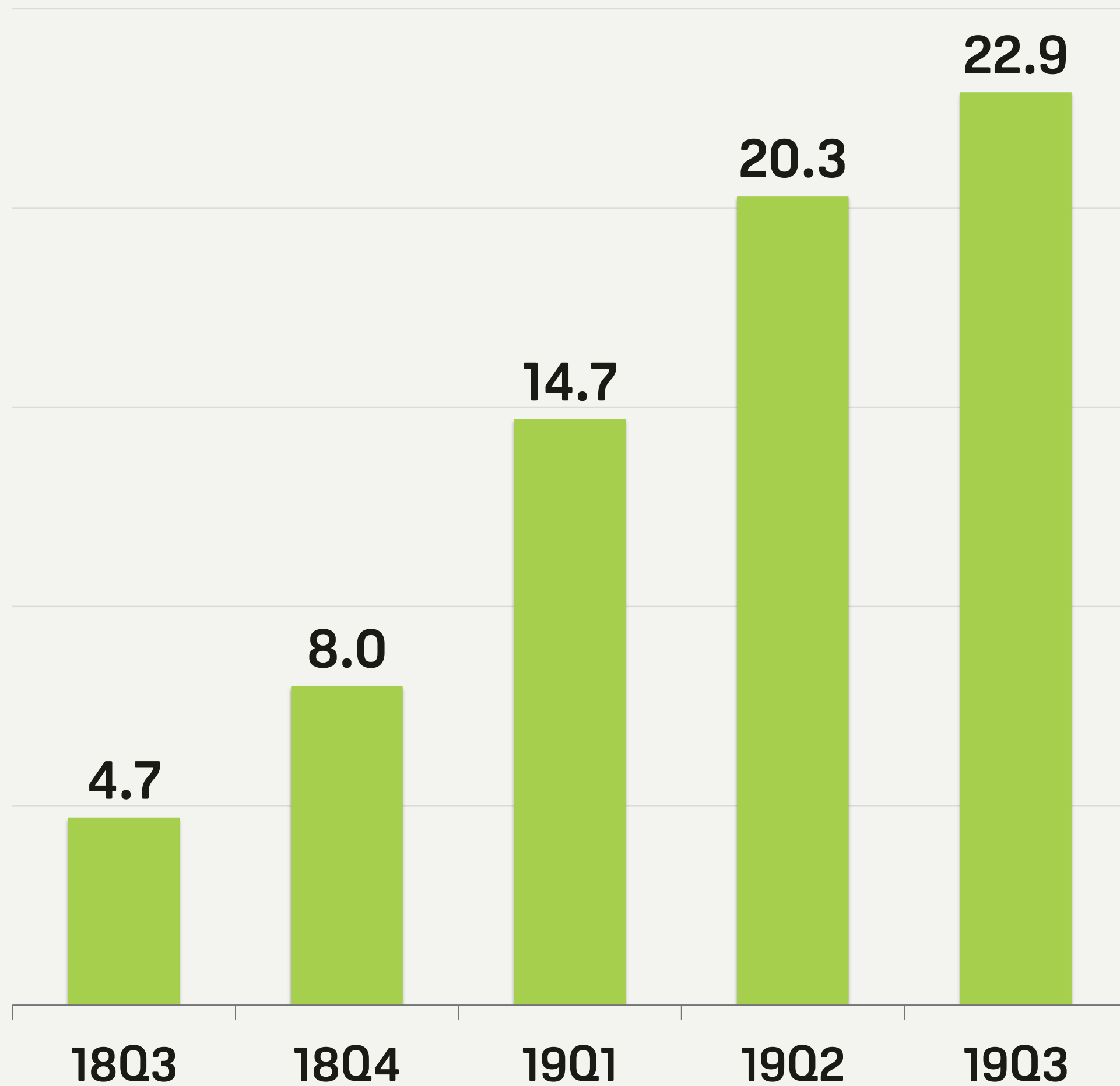


Operating Profit (Loss)

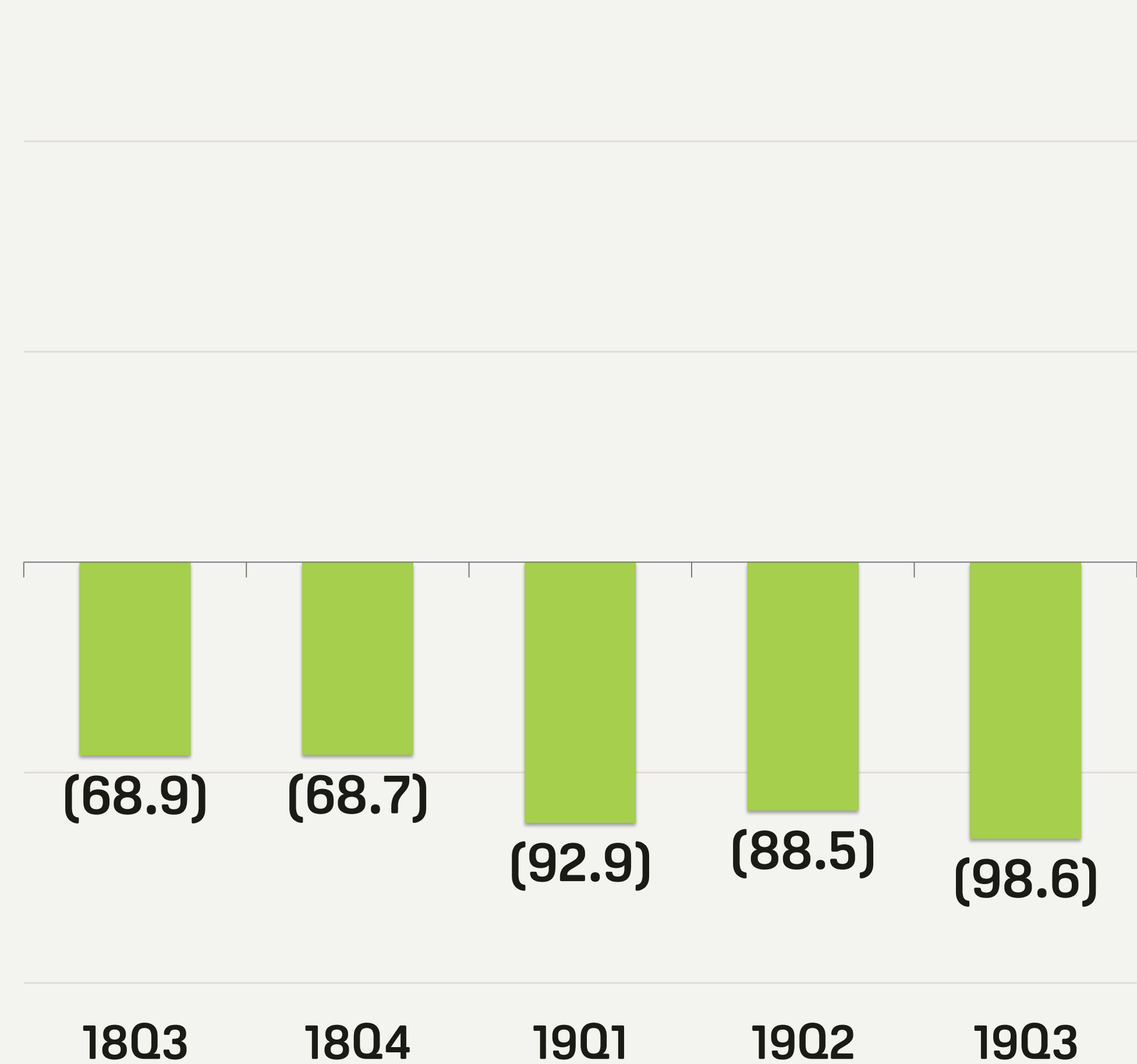


GROSS AND OPERATING MARGINS

Gross Margin
%



Operating Margin
%



3Q 2019 P&L (CONSOLIDATED)

	NT\$bn	3Q18	2Q19	3Q19
REVENUES		4.0	2.8	2.5
GROSS PROFIT		0.2	0.6	0.6
OPERATING EXPENSE		<u>3.0</u>	<u>3.1</u>	<u>3.0</u>
SALES MKTING.		0.8	0.7	0.7
RESEARCH DEV.		1.4	1.5	1.4
GENERAL ADM.		0.8	0.9	0.9
OPERATING PROFIT (LOSS)		-2.8	-2.5	-2.4
NPBT		-2.6	-2.2	-2.4
NPAT ¹		-2.6	-2.2	-2.4
GROSS MARGIN (%)		4.7%	20.3%	22.9%
OPERATING MARGIN (%)		-68.9%	-88.5%	-98.6%
EPS ² (NT\$)		-3.18	-2.71	-2.86

3Q 2019 BALANCE SHEET (CONSOLIDATED)

	NT\$bn	Sep 30, 18	Jun 30, 19	Sep 30, 19
TOTAL ASSETS		74.1	61.4	57.6
Cash ¹		43.5	36.2	34.0
AR		2.2	1.3	1.4
INVENTORY		4.4	3.1	2.7
OTHER ASSETS		24.0	20.8	19.5
TOTAL LIABILITIES		24.3	20.5	19.9
TOTAL EQUITY ²		49.8	40.9	37.7
CASH CONVERSION CYCLE		30	-46	-67

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 29,897,977	52	\$ 24,449,548	36	\$ 25,767,839	35
Financial assets at fair value through profit or loss - current (Note 7)	18,983	-	83,411	-	72,777	-
Financial assets at fair value through other comprehensive income - current (Note 8)	849,584	2	409,412	1	477,412	1
Trade receivables, net (Notes 10 and 31)	1,386,700	2	1,683,150	3	2,182,543	3
Other receivables (Note 10)	123,259	-	221,707	-	343,654	-
Current tax assets	235,377	-	222,387	-	125,007	-
Inventories (Note 11)	2,739,313	5	3,301,645	5	4,370,403	6
Prepayments (Note 12)	467,803	1	1,160,299	2	1,335,274	2
Other current financial assets (Notes 9 and 32)	3,940,016	7	16,915,835	25	17,554,928	24
Other current assets	1,670	-	12,812	-	3,220	-
Total current assets	<u>39,660,682</u>	<u>69</u>	<u>48,460,206</u>	<u>72</u>	<u>52,233,057</u>	<u>71</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	362,711	1	236,464	-	225,885	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,925,874	3	2,325,020	3	2,643,362	4
Investments accounted for using the equity method (Note 14)	525,063	1	446,133	1	441,284	1
Property, plant and equipment (Note 15)	7,972,932	14	8,425,886	13	8,501,060	11
Right-of-use assets (Note 16)	406,911	1	-	-	-	-
Investment properties, net (Note 17)	2,087,267	4	2,090,226	3	2,093,933	3
Intangible assets (Note 18)	308,968	-	1,181,256	2	1,478,179	2
Deferred tax assets	3,783,904	7	3,957,060	6	3,906,684	5
Refundable deposits (Note 30)	111,624	-	124,962	-	127,267	-
Net defined benefit asset - non-current	274,391	-	270,358	-	28,285	-
Other non-current financial assets (Notes 9 and 32)	155,178	-	153,638	-	152,718	-
Other non-current assets (Note 12)	45,343	-	39,610	-	2,220,924	3
Total non-current assets	<u>17,960,166</u>	<u>31</u>	<u>19,250,613</u>	<u>28</u>	<u>21,819,581</u>	<u>29</u>
TOTAL	<u>\$ 57,620,848</u>	<u>100</u>	<u>\$ 67,710,819</u>	<u>100</u>	<u>\$ 74,052,638</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - current (Note 7)	\$ 176,531	-	\$ 82,156	-	\$ 160,816	-
Note and trade payables (Notes 19 and 31)	8,445,193	15	9,812,847	15	9,984,557	14
Other payables (Notes 20 and 31)	7,583,770	13	9,223,293	14	9,822,626	13
Current tax liabilities	202,785	-	241,167	-	285,766	1
Provisions - current (Note 21)	1,910,642	3	2,004,190	3	2,447,012	3
Lease liabilities - current (Notes 16 and 31)	129,082	-	-	-	-	-
Other current liabilities (Note 20)	880,981	2	953,447	1	1,475,069	2
Total current liabilities	<u>19,328,984</u>	<u>33</u>	<u>22,317,100</u>	<u>33</u>	<u>24,175,846</u>	<u>33</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	45,511	-	43,451	-	33,857	-
Lease liabilities - non-current (Notes 16 and 31)	295,013	1	-	-	-	-
Guarantee deposits received (Note 30)	165,578	-	130,400	-	110,072	-
Total non-current liabilities	<u>506,102</u>	<u>1</u>	<u>173,851</u>	<u>-</u>	<u>143,929</u>	<u>-</u>
Total liabilities	<u>19,835,086</u>	<u>34</u>	<u>22,490,951</u>	<u>33</u>	<u>24,319,775</u>	<u>33</u>
EQUITY (Note 22)						
Share capital - ordinary shares	8,188,119	14	8,188,135	12	8,190,792	11
Capital surplus	15,539,972	27	15,576,268	23	15,638,617	21
Retained earnings						
Legal reserve	18,895,136	33	18,297,655	27	18,297,655	25
Special reserve	3,080,480	5	-	-	-	-
(Accumulated deficits) unappropriated earnings	(4,829,751)	(8)	6,194,337	9	10,387,038	14
Other equity	(3,254,199)	(5)	(3,087,557)	(4)	(2,844,865)	(4)
Total equity attributable to owners of the parent	37,619,757	66	45,168,838	67	49,669,237	67
NON-CONTROLLING INTERESTS						
Total equity	<u>37,785,762</u>	<u>66</u>	<u>45,219,868</u>	<u>67</u>	<u>49,732,863</u>	<u>67</u>
TOTAL	<u>\$ 57,620,848</u>	<u>100</u>	<u>\$ 67,710,819</u>	<u>100</u>	<u>\$ 74,052,638</u>	<u>100</u>

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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 31)	\$ 2,450,258	100	\$ 4,044,278	100	\$ 8,200,989	100	\$ 19,607,481	100
OPERATING COST (Notes 11, 24 and 31)	<u>1,889,616</u>	<u>77</u>	<u>3,852,950</u>	<u>95</u>	<u>6,638,632</u>	<u>81</u>	<u>19,421,635</u>	<u>99</u>
GROSS PROFIT	<u>560,642</u>	<u>23</u>	<u>191,328</u>	<u>5</u>	<u>1,562,357</u>	<u>19</u>	<u>185,846</u>	<u>1</u>
OPERATING EXPENSES (Notes 24 and 31)								
Selling and marketing	666,994	27	771,998	19	2,152,954	26	2,985,513	15
General and administrative	867,753	35	789,561	20	2,697,234	33	2,664,788	14
Research and development	<u>1,441,055</u>	<u>59</u>	<u>1,416,158</u>	<u>35</u>	<u>4,346,825</u>	<u>53</u>	<u>5,661,591</u>	<u>29</u>
Total operating expenses	<u>2,975,802</u>	<u>121</u>	<u>2,977,717</u>	<u>74</u>	<u>9,197,013</u>	<u>112</u>	<u>11,311,892</u>	<u>58</u>
OPERATING LOSS	<u>(2,415,160)</u>	<u>(98)</u>	<u>(2,786,389)</u>	<u>(69)</u>	<u>(7,634,656)</u>	<u>(93)</u>	<u>(11,126,046)</u>	<u>(57)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 24)	327,091	13	301,046	7	961,724	11	888,429	4
Other gains and losses (Notes 12, 18 and 24)	(283,708)	(12)	(102,294)	(3)	(344,872)	(4)	31,999,423	163
Finance costs (Note 24)	(3,515)	-	(698)	-	(15,298)	-	(1,390)	-
Share of the income or loss of associates (Note 14)	<u>17,536</u>	<u>1</u>	<u>(14,784)</u>	<u>-</u>	<u>(11,167)</u>	<u>-</u>	<u>(38,280)</u>	<u>-</u>
Total non-operating income and expenses	<u>57,404</u>	<u>2</u>	<u>183,270</u>	<u>4</u>	<u>590,387</u>	<u>7</u>	<u>32,848,182</u>	<u>167</u>
(LOSS) PROFIT BEFORE INCOME TAX	(2,357,756)	(96)	(2,603,119)	(65)	(7,044,269)	(86)	21,722,136	110
INCOME TAX BENEFIT (EXPENSE) (Note 25)	<u>523</u>	<u>-</u>	<u>(12,882)</u>	<u>-</u>	<u>2,506</u>	<u>-</u>	<u>(5,333,718)</u>	<u>(27)</u>
(LOSS) PROFIT FOR THE PERIOD	<u>(2,357,233)</u>	<u>(96)</u>	<u>(2,616,001)</u>	<u>(65)</u>	<u>(7,041,763)</u>	<u>(86)</u>	<u>16,388,418</u>	<u>83</u>
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(388,908)	(16)	(112,351)	(3)	3,048	-	(452,641)	(2)

(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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ (497,443)	(20)	\$ (368,228)	(9)	\$ (178,529)	(2)	\$ (12,007)	-
Other comprehensive loss for the period, net of income tax	(886,351)	(36)	(480,579)	(12)	(175,481)	(2)	(464,648)	(2)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ (3,243,584)</u>	<u>(132)</u>	<u>\$ (3,096,580)</u>	<u>(77)</u>	<u>\$ (7,217,244)</u>	<u>(88)</u>	<u>\$ 15,923,770</u>	<u>81</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:								
Owners of the parent	\$ (2,343,490)	(96)	\$ (2,603,000)	(65)	\$ (7,004,517)	(85)	\$ 16,418,775	84
Non-controlling interests	(13,743)	-	(13,001)	-	(37,246)	(1)	(30,357)	-
	<u>\$ (2,357,233)</u>	<u>(96)</u>	<u>\$ (2,616,001)</u>	<u>(65)</u>	<u>\$ (7,041,763)</u>	<u>(86)</u>	<u>\$ 16,388,418</u>	<u>84</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:								
Owners of the parent	\$ (3,227,542)	(132)	\$ (3,083,073)	(76)	\$ (7,178,236)	(88)	\$ 15,952,216	81
Non-controlling interests	(16,042)	-	(13,507)	(1)	(39,008)	-	(28,446)	-
	<u>\$ (3,243,584)</u>	<u>(132)</u>	<u>\$ (3,096,580)</u>	<u>(77)</u>	<u>\$ (7,217,244)</u>	<u>(88)</u>	<u>\$ 15,923,770</u>	<u>81</u>
(LOSS) EARNINGS PER SHARE (Note 26)								
Basic	\$ (2.86)		\$ (3.18)		\$ (8.55)		\$ 20.03	
Diluted	\$ (2.86)		\$ (3.18)		\$ (8.55)		\$ 19.65	

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 of accounting standards	-	-	-	-	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 nine months ended September 30, 2018	-	-	-	-	16,418,775	-	-	-	-	16,418,775	(30,357)	16,388,418	
Other comprehensive income and loss for the nine months ended September 30, 2018	-	-	-	-	-	(13,918)	(452,641)	-	-	(466,559)	1,911	(464,648)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	60,873	-	-	-	-	-	-	-	60,873	-	60,873	
Issuance of shares due to 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	(18,959)	19,622	-	-	-	-	-	-	25,786	26,449	-	26,449	
BALANCE, SEPTEMBER 30, 2018	<u>\$ 8,190,792</u>	<u>\$ 15,638,617</u>	<u>\$ 18,297,655</u>	<u>\$ -</u>	<u>\$ 10,387,038</u>	<u>\$ (2,197,066)</u>	<u>\$ (623,995)</u>	<u>\$ -</u>	<u>\$ (23,804)</u>	<u>\$ 49,669,237</u>	<u>\$ 63,626</u>	<u>\$ 49,732,863</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													
Legal reserve	-	-	597,481	-	(597,481)	-	-	-	-	-	-	-	
Special reserve	-	-	-	3,080,480	(3,080,480)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(311,148)	-	-	-	-	(311,148)	-	(311,148)	
Net loss for the nine months ended September 30, 2019	-	-	-	-	(7,004,517)	-	-	-	-	(7,004,517)	(37,246)	(7,041,763)	
Other comprehensive income and loss for the nine months ended September 30, 2019	-	-	-	-	-	(176,767)	3,048	-	-	(173,719)	(1,762)	(175,481)	
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(8,760)	-	-	-	-	(8,760)	153,983	145,223	
Changes in capital surplus from investments in associates accounted for using the equity method	-	(60,873)	-	-	(21,702)	-	-	-	-	(82,575)	-	(82,575)	
Share-based payments	(16)	24,577	-	-	-	-	-	-	7,077	31,638	-	31,638	
BALANCE, SEPTEMBER 30, 2019	<u>\$ 8,188,119</u>	<u>\$ 15,539,972</u>	<u>\$ 18,895,136</u>	<u>\$ 3,080,480</u>	<u>\$ (4,829,751)</u>	<u>\$ (2,228,786)</u>	<u>\$ (1,025,413)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,619,757</u>	<u>\$ 166,005</u>	<u>\$ 37,785,762</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 Nine Months Ended September 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (7,044,269)	\$ 21,722,136
Adjustments for:		
Depreciation expense	549,270	421,841
Amortization expense	892,474	895,486
Finance costs	15,298	1,390
Interests income	(363,151)	(425,049)
Dividend income	(98)	-
Compensation cost of employee share-based payments	31,638	26,449
Share of the loss of associates	11,167	38,280
Net gain on disposal of property, plant and equipment	(81,947)	(80,493)
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	170,011	646,811
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	158,803	78,054
Decrease in trade receivables	296,450	6,350,967
Decrease (increase) in other receivables	17,683	(177,232)
Decrease in inventories	447,109	2,364,212
Decrease in prepayments	692,496	401,824
Decrease in other current assets	11,142	132,601
Decrease (increase) in other non-current assets	6,096	(20,892)
Decrease in note and trade payables	(1,367,654)	(4,584,665)
Decrease in other payables	(1,619,565)	(1,802,391)
Decrease in provisions	(93,548)	(930,189)
(Decrease) increase in other current liabilities	(72,466)	877
Cash used in operations	(7,343,061)	(7,318,010)
Interest received	443,916	362,124
Interest paid	(15,298)	(1,390)
Income taxes refund (paid)	126,685	(220,155)
Net cash used in operating activities	(6,787,758)	(7,177,431)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(153,254)	(160,775)
Return of investments accounted for fair value through other comprehensive income	137,736	-
Purchase of financial assets at fair value through profit or loss	(124,762)	(97,822)
Acquisition of investments accounted for using the equity method	(171,767)	-

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
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	(110,021)	(501,925)
Proceeds from disposal of property, plant and equipment	92,843	235,281
Decrease in advance receipts - disposal of property	-	(1,374,465)
Decrease in refundable deposits	13,338	11,749
Payments for intangible assets	(4,354)	(24,341)
Proceeds from disposal of intangible assets	4,898	-
Increase in other financial assets	-	(9,719,283)
Decrease in other financial assets	12,974,279	-
Dividends received	98	-
Proceeds from disposal of assets and licensing income (Note 24)	<u>-</u>	<u>31,285,385</u>
Net cash generated from investing activities	<u>12,659,034</u>	<u>22,509,653</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	35,178	104,391
Repayment of the principal portion of lease liabilities	(91,434)	-
Dividends paid to owners of the Company	(311,148)	-
Proceeds from exercise of employee share options	-	8,121
Change in non-controlling interests	<u>145,223</u>	<u>19,454</u>
Net cash (used in) generated from financing activities	<u>(222,181)</u>	<u>131,966</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(200,666)</u>	<u>(139,576)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,448,429	15,324,612
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>\$ 29,897,977</u>	<u>\$ 25,767,839</u>

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

(Concluded)