

**Sonix Technology Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2020 and 2019**

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,105,922	24	\$ 724,611	20	\$ 887,405	23
Financial assets at fair value through profit or loss - current	154,740	3	128,242	4	260,447	7
Financial assets at amortized at cost - current	323,259	7	293,495	8	222,198	6
Notes and trade receivables from unrelated parties	588,996	13	405,982	11	543,204	14
Inventories	923,119	20	668,976	18	470,710	12
Other current assets	48,904	1	59,128	2	60,671	2
Total current assets	<u>3,144,940</u>	<u>68</u>	<u>2,280,434</u>	<u>63</u>	<u>2,444,635</u>	<u>64</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current	483,161	11	346,200	9	351,419	9
Investments accounted for using the equity method	8,263	-	7,836	-	8,812	-
Property, plant and equipment	736,646	16	756,572	21	771,816	20
Investment properties	126,890	3	128,477	4	158,853	4
Intangible assets	53,098	1	56,365	2	57,448	2
Deferred tax assets	40,189	1	36,471	1	37,124	1
Refundable deposits	4,829	-	5,508	-	6,303	-
Other non-current assets	20,871	-	18,963	-	88	-
Total non-current assets	<u>1,473,947</u>	<u>32</u>	<u>1,356,392</u>	<u>37</u>	<u>1,391,863</u>	<u>36</u>
TOTAL	<u>\$ 4,618,887</u>	<u>100</u>	<u>\$ 3,636,826</u>	<u>100</u>	<u>\$ 3,836,498</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables to unrelated parties	\$ 508,430	11	\$ 243,840	7	\$ 260,589	7
Other payables	656,874	14	218,413	6	562,651	14
Current tax liabilities	82,683	2	37,433	1	33,902	1
Other current liabilities	14,371	-	19,671	-	11,559	-
Total current liabilities	<u>1,262,358</u>	<u>27</u>	<u>519,357</u>	<u>14</u>	<u>868,701</u>	<u>22</u>
NON-CURRENT LIABILITIES						
Provisions - non-current	9,488	-	8,572	-	6,871	-
Deferred tax liabilities	-	-	10	-	-	-
Net defined benefit liabilities - non-current	23,640	1	24,137	1	26,655	1
Guarantee deposits	74,903	2	74,546	2	67,895	2
Total non-current liabilities	<u>108,031</u>	<u>3</u>	<u>107,265</u>	<u>3</u>	<u>101,421</u>	<u>3</u>
Total liabilities	<u>1,370,389</u>	<u>30</u>	<u>626,622</u>	<u>17</u>	<u>970,122</u>	<u>25</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	1,678,770	36	1,678,770	46	1,678,770	44
Capital surplus	62,661	1	62,661	2	62,661	2
Retained earnings						
Legal reserve	903,337	20	869,185	24	869,185	23
Special reserve	67,297	1	121,110	3	121,110	3
Unappropriated earnings	488,939	11	345,547	10	171,640	4
Total retained earnings	1,459,573	32	1,335,842	37	1,161,935	30
Other equity	47,494	1	(67,069)	(2)	(36,990)	(1)
Total equity	<u>3,248,498</u>	<u>70</u>	<u>3,010,204</u>	<u>83</u>	<u>2,866,376</u>	<u>75</u>
TOTAL	<u>\$ 4,618,887</u>	<u>100</u>	<u>\$ 3,636,826</u>	<u>100</u>	<u>\$ 3,836,498</u>	<u>100</u>

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales	\$ 1,490,901	100	\$ 933,603	100	\$ 2,325,243	100	\$ 1,550,911	100
OPERATING COST								
Cost of goods sold	<u>823,674</u>	<u>55</u>	<u>560,395</u>	<u>60</u>	<u>1,274,970</u>	<u>55</u>	<u>945,996</u>	<u>61</u>
GROSS PROFIT	<u>667,227</u>	<u>45</u>	<u>373,208</u>	<u>40</u>	<u>1,050,273</u>	<u>45</u>	<u>604,915</u>	<u>39</u>
OPERATING EXPENSES								
Selling and marketing expenses	22,715	2	19,312	2	41,519	2	34,759	2
General and administrative expenses	50,673	3	42,297	4	87,980	4	75,484	5
Research and development expenses	210,900	14	185,369	20	379,634	16	340,382	22
Gain on reversal of expected credit loss	<u>-</u>	<u>-</u>	<u>(87)</u>	<u>-</u>	<u>(94)</u>	<u>-</u>	<u>(160)</u>	<u>-</u>
Total operating expenses	<u>284,288</u>	<u>19</u>	<u>246,891</u>	<u>26</u>	<u>509,039</u>	<u>22</u>	<u>450,465</u>	<u>29</u>
PROFIT FROM OPERATIONS	<u>382,939</u>	<u>26</u>	<u>126,317</u>	<u>14</u>	<u>541,234</u>	<u>23</u>	<u>154,450</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	3,125	-	4,671	1	8,969	1	16,506	1
Other gains and losses	(11,685)	(1)	2,833	-	(14,890)	(1)	9,519	1
Share of gain (loss) of associates accounted for using equity method	28	-	(56)	-	427	-	(89)	-
Interest income	<u>2,563</u>	<u>-</u>	<u>1,870</u>	<u>-</u>	<u>4,983</u>	<u>-</u>	<u>3,935</u>	<u>-</u>
Total non-operating income and expenses	<u>(5,969)</u>	<u>(1)</u>	<u>9,318</u>	<u>1</u>	<u>(511)</u>	<u>-</u>	<u>29,871</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	376,970	25	135,635	15	540,723	23	184,321	12
INCOME TAX EXPENSE	<u>44,962</u>	<u>3</u>	<u>7,642</u>	<u>1</u>	<u>64,450</u>	<u>3</u>	<u>15,050</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>332,008</u>	<u>22</u>	<u>127,993</u>	<u>14</u>	<u>476,273</u>	<u>20</u>	<u>169,271</u>	<u>11</u>

(Continued)

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	\$ 205,662	14	\$ (12,534)	(2)	\$ 137,298	6	\$ 76,339	5
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(16,854)	(1)	(9,017)	(1)	(22,735)	(1)	7,553	-
Total other comprehensive income and loss	188,808	13	(21,551)	(3)	114,563	5	83,892	5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 520,816</u>	<u>35</u>	<u>\$ 106,442</u>	<u>11</u>	<u>\$ 590,836</u>	<u>25</u>	<u>\$ 253,163</u>	<u>16</u>
EARNINGS PER SHARE								
Basic	<u>\$ 1.98</u>		<u>\$ 0.76</u>		<u>\$ 2.84</u>		<u>\$ 1.01</u>	
Diluted	<u>\$ 1.95</u>		<u>\$ 0.76</u>		<u>\$ 2.79</u>		<u>\$ 1.00</u>	

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT\$29.63 to US\$1.00 at June 30, 2020, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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

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SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity		Total	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2019	\$ 1,678,770	\$ 62,661	\$ 936,044	\$ 21,894	\$ 383,910	\$ 1,341,848	\$ (43,035)	\$ (77,847)	\$ (120,882)	\$ 2,962,397
Appropriation of 2018 earnings										
Legal reserve	-	-	33,867	-	(33,867)	-	-	-	-	-
Special reserve	-	-	-	99,216	(99,216)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(248,458)	(248,458)	-	-	-	(248,458)
Issuance of share dividends from legal reserve	-	-	(100,726)	-	-	(100,726)	-	-	-	(100,726)
Net profit for the six months ended June 30, 2019	-	-	-	-	169,271	169,271	-	-	-	169,271
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	7,553	76,339	83,892	83,892
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	169,271	169,271	7,553	76,339	83,892	253,163
BALANCE AT JUNE 30, 2019	\$ 1,678,770	\$ 62,661	\$ 869,185	\$ 121,110	\$ 171,640	\$ 1,161,935	\$ (35,482)	\$ (1,508)	\$ (36,990)	\$ 2,866,376
BALANCE AT JANUARY 1, 2020	\$ 1,678,770	\$ 62,661	\$ 869,185	\$ 121,110	\$ 345,547	\$ 1,335,842	\$ (74,247)	\$ 7,178	\$ (67,069)	\$ 3,010,204
Appropriation of 2019 earnings										
Legal reserve	-	-	34,152	-	(34,152)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(352,542)	(352,542)	-	-	-	(352,542)
Reversal of special reserve	-	-	-	(53,813)	53,813	-	-	-	-	-
Net profit for the six months ended June 30, 2020	-	-	-	-	476,273	476,273	-	-	-	476,273
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	-	(22,735)	137,298	114,563	114,563
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	476,273	476,273	(22,735)	137,298	114,563	590,836
BALANCE AT JUNE 30, 2020	\$ 1,678,770	\$ 62,661	\$ 903,337	\$ 67,297	\$ 488,939	\$ 1,459,573	\$ (96,982)	\$ 144,476	\$ 47,494	\$ 3,248,498

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 540,723	\$ 184,321
Adjustments for:		
Depreciation expenses	38,968	27,983
Amortization expenses	7,003	9,208
Gain on reversal of expected credit loss	(94)	(160)
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	3,185	(4,094)
Interest income	(4,983)	(3,935)
Share of (profit) loss of associates accounted for using equity method	(427)	89
Loss on disposal of property, plant and equipment	1	-
Write-downs of inventory	3,078	6,613
Net (gain) loss on foreign currency exchange	(1,235)	854
Changes in operating assets and liabilities		
Trade and notes receivables	(186,185)	(156,820)
Inventories	(257,102)	90,104
Other current assets	7,718	(17,543)
Trade payables	266,605	80,399
Other payables	86,944	4,958
Provisions for employee benefits	916	726
Other current liabilities	(5,292)	(192)
Compensation costs of employee share options	(497)	(444)
Cash generated from operations	499,326	222,067
Interest received	4,255	4,174
Income tax paid	(19,687)	(22,911)
Net cash generated from operating activities	<u>483,894</u>	<u>203,330</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(30,766)	(32,535)
Purchase of financial assets at fair value through profit or loss	(90,000)	(100,000)
Proceeds from sale of financial assets at fair value through profit or loss	60,317	21,006
Payments for property, plant and equipment	(27,853)	(17,235)
Increase in refundable deposits	-	(106)
Decrease in refundable deposits	413	-
Payments for intangible assets	(3,797)	(6,690)
Increase in other non-current assets	(1,908)	-
Net cash used in investing activities	<u>(93,594)</u>	<u>(135,560)</u>

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SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Refunds of guarantee deposits received	\$ 2,889	\$ 5,754
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(11,878)	21,533
NET INCREASE IN CASH AND CASH EQUIVALENTS	381,311	95,057
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	724,611	792,348
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 1,105,922	\$ 887,405

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT\$29.63 to US\$1.00 at June 30, 2020, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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

(Concluded)

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Sonix Technology Co., Ltd (the “Company”) was incorporated in the Republic of China (“ROC”) in July 1996. The Company mainly develops, designs, manufactures and trades semiconductors.

The Company was listed at OTC market on November 27, 2000 and submitted applications for listed at stock exchange market to Securities and Futures Bureau, FSC on June 27 then approved by Taiwan Stock Exchange on July 25, 2003. The Company’s shares have been traded at the Taiwan Stock Exchange since August 25, 2003.

For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s stocks are listed on the Taipei Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 5, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

a. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

b. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

c. Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires to compare the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10 per cent. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

d. Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

d. Other significant accounting policies

Except for the following, for the summary of significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2019.