UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10−Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: March 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to _____________

Commission File Number: 000-55925

AERKOMM INC.
(Exact name of registrant as specified in its charter)

Nevada	**46-3424568**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

923 Incline Way, #39, Incline Village, NV 89451
(Address of principal executive offices, Zip Code)

(877) 742-3094
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for comply with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Not applicable.		

As of May 14, 2019, there were 9,247,272 shares of the registrant's common stock issued and outstanding. This number reflects a reverse split in the ratio of 1 for 5 effective January 16, 2019.

AERKOMM INC.

Quarterly Report on Form 10-Q
Period Ended March 31, 2019

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

AERKOMM INC.
CONSOLIDATED FINANCIAL STATEMENTS

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AERKOMM INC. AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2019 and December 31, 2018

	March 31, 2019 (Unaudited)	December 31, 2018
Assets		
Current Assets		
Cash	$ 78,248	$ 88,309
Accounts receivable	1,355,100	1,745,000
Inventories	1,329,639	-
Prepaid expenses	1,467,678	1,479,123
Other receivable – others	1,420	2,616
Temporary deposit – related party	-	100,067
Other current assets	30,420	11,336
Total Current Assets	4,262,505	3,426,451
Property and Equipment		
Cost	2,714,818	2,715,543
Accumulated depreciation	(459,475)	(322,049)
	2,255,343	2,393,494
Prepayment for land	35,237,127	35,237,127
Prepayment for equipment	-	54,625
Construction in progress	-	1,311,245
Net Property and Equipment	37,492,470	38,996,491
Other Assets		
Intangible asset, net	3,258,750	3,382,500
Goodwill	1,475,334	1,475,334
Operating lease right-of-use assets, net	584,355	-
Deposits - related party	2,440	2,462
Deposits - others	105,316	105,447
Total Other Assets	5,426,195	4,965,743
Total Assets	$ 47,181,170	$ 47,388,685
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term loan - related party	$ 182,500	$ -
Accounts payable	1,650,000	1,650,000
Accrued expenses	869,817	412,165
Other payable - related parties	1,074,394	949,298
Other payable - others	3,101,653	2,956,488
Operating lease liability – current – related parties	62,550	-
Operating lease liability – current - others	438,777	-
Total Current Liabilities	7,379,691	5,967,951
Long-term Liabilities		
Operating lease liability – non-current – related parties	16,535	-
Operating lease liability – non-current - others	158,764	-
Restricted stock deposit liability	1,000	1,000
Total Liabilities	7,555,990	5,968,951
Commitments		
Stockholders' Equity		
Preferred stock, $0.001 par value, 50,000,000 shares authorized, none issued and outstanding as of March 31, 2019 and December 31, 2018	-	-
Common stock, $0.001 par value, 90,000,000 shares authorized, 9,098,090 shares (excluding 149,162 unvested restricted shares) issued and outstanding as of March 31, 2019; 9,098,090 shares (excluding 149,162 unvested restricted shares) issued and outstanding as of December 31, 2018	45,490	45,490
Additional paid in capital	56,791,250	56,546,408
Accumulated deficits	(17,675,120)	(15,292,128)
Accumulated other comprehensive income	463,560	119,964
Total Stockholders' Equity	39,625,180	41,419,734
Total Liabilities and Stockholders' Equity	$ 47,181,170	$ 47,388,685

See accompanying notes to the consolidated financial statements.

AERKOMM INC. AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Loss
For the Three-Month Periods Ended March 31, 2019 and 2018

	Three Months Ended March 31,	
	2019	**2018**
	(Unaudited)	
Net Sales	$ -	$ -
Operating Expenses	2,048,289	1,450,899
Loss from Operations	(2,048,289)	(1,450,899)
Net Non-Operating Loss	(331,470)	(4,222)
Loss Before Income Taxes	(2,379,759)	(1,455,121)
Income Tax Expense	3,233	4,062
Net Loss	(2,382,992)	(1,459,183)
Other Comprehensive Income		
Change in foreign currency translation adjustments	343,596	2,934
Total Comprehensive Loss	$ (2,039,396)	$ (1,456,249)
Net Loss Per Common Share:		
Basic	$ (0.2577)	$ (0.1760)
Diluted	$ (0.2577)	$ (0.1760)
Weighted Average Shares Outstanding - Basic	9,247,272	8,292,034
Weighted Average Shares Outstanding - Diluted	9,247,272	8,292,034

See accompanying notes to the consolidated financial statements.

AERKOMM INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Three-Month Periods Ended March 31, 2019 and 2018

	Three Months Ended March 31, 2019 (Unaudited)	Three Months Ended March 31, 2018
Cash Flows From Operating Activities		
Net loss	$ (2,382,992)	$ (1,459,183)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	261,176	142,940
Stock-based compensation	313,042	275,806
R&D expenses transferred from inventory and construction in progress	416,231	-
Consulting expense adjustment to change in fair value of warrants	(68,200)	-
Changes in operating assets and liabilities:		
Accounts receivable	389,900	-
Inventories	(380,000)	-
Prepaid expenses	11,445	(210)
Other receivable - related party	-	46,743
Other receivable - others	1,196	(14,901)
Temporary deposit - related party	100,067	-
Other current assets	(19,084)	5,389
Deposits - related party	22	(7,566)
Deposits - others	131	(146)
Accrued expenses	457,652	243,539
Other payable - related parties	125,096	217,183
Other payable - others	239,436	182,850
Net Cash Used for Operating Activities	(534,882)	(367,556)
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,275)	(6,352)
Net Cash Used for Investing Activities	(1,275)	(6,352)
Cash Flows from Financing Activities		
Proceeds from short-term loan - related party	182,500	325,040
Proceeds from subscribed capital	-	56,000
Issuance of stock warrants	-	26,667
Net Cash Provided by Financing Activities	182,500	407,707
Net (Decrease) Increase in Cash	(353,657)	33,799
Cash, Beginning of Period	88,309	21,504
Foreign Currency Translation Effect on Cash	343,596	2,934
Cash, End of Period	$ 78,248	$ 58,237
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	$ 279	$ 113
Non-cash Operating and Financing Activities:		
Restricted stock deposit liability transferred to common stock	$ -	$ 42
Prepayment for equipment and construction in progress transferred to inventory	$ 949,639	$ -

See accompanying notes to the consolidated financial statements.

NOTE 1 - Organization

Aerkomm Inc. (formerly Maple Tree Kids Inc.) (“Aerkomm”) was incorporated on August 14, 2013 in the State of Nevada. Aerkomm was a retail distribution company selling all of its products over the internet in the United States, operating in the infant and toddler products business market.

On December 28, 2016, Aircom Pacific Inc. (“Aircom”) purchased 140,000 shares of Aerkomm’s common stock, representing approximately 86.3% of Aerkomm’s issued and outstanding common stock as of the closing date of purchase. As a result of the transaction, Aircom became the controlling shareholder of Aerkomm.

On February 13, 2017, Aerkomm entered into a share exchange agreement (“Exchange Agreement”) with Aircom and its shareholders, pursuant to which Aerkomm acquired 100% of the issued and outstanding capital stock of Aircom in exchange for approximately 99.7% of the issued and outstanding capital stock of Aerkomm (or 87.81% on a fully-diluted basis). As a result of the share exchange, Aircom became a wholly-owned subsidiary of Aerkomm, and the former shareholders of Aircom became the holders of approximately 99.7% of Aerkomm’s issued and outstanding capital stock.

Aircom was incorporated on September 29, 2014 under the laws of the State of California.

On December 31, 2014, Aircom acquired a newly incorporated subsidiary, Aircom Pacific Ltd. (“Aircom Seychelles”), a corporation formed under the laws of the Republic of Seychelles. Aircom Seychelles was formed to facilitate Aircom’s global corporate structure for both business operations and tax planning. Presently, Aircom Seychelles has no operations. Aircom is working with corporate and tax advisers in finalizing its global corporate structure and has not yet concluded its final plan.

On October 17, 2016, Aircom acquired a wholly owned subsidiary, Aircom Pacific Inc. Limited (“Aircom HK”), a corporation formed under the laws of Hong Kong. The purpose of Aircom HK is to conduct Aircom’s business and operations in Hong Kong. Presently, its primary function is business development, both with respect to airlines as well as content providers and advertisement partners based in Hong Kong. Aircom HK is also actively seeking strategic partnerships whom Aircom may leverage in order to provide more and better services to its customers. Aircom also plans to provide local supports to Hong Kong-based airlines via Aircom HK and teleports located in Hong Kong.

On December 15, 2016, Aircom acquired a wholly owned subsidiary, Aircom Japan, Inc. (“Aircom Japan”), a corporation formed under the laws of Japan. The purpose of Aircom Japan is to conduct business development and operations located within Japan. Aircom Japan is in the process of applying for, and will be the holder of, Satellite Communication Blanket License in Japan, which is necessary for Aircom to provide services within Japan. Aircom Japan will also provide local supports to airlines operating within the territory of Japan.

Aircom Telecom LLC (“Aircom Taiwan”), which became a wholly owned subsidiary of Aircom in December 2017, was organized under the laws of Taiwan on June 29, 2016. Aircom Taiwan is responsible for Aircom’s business development efforts and general operations within Taiwan. The Company is currently planning to locate the site of its first ground station in Taiwan and expects to raise sufficient funds to move forward with this project (although that cannot be guaranteed). Aircom Taiwan will play a significant role in building and operating that ground station.

On June 13, 2018, Aerkomm established a new wholly owned subsidiary, Aerkomm Taiwan Inc. (“Aerkomm Taiwan”), a corporation formed under the laws of Taiwan. The purpose of Aerkomm Taiwan is to purchase a parcel of land for ground station building and operate the ground station for data processing.

On November 15, 2018, Aircom Taiwan acquired a wholly owned subsidiary, Beijing Yatai Communication Co., Ltd. (“Aircom Beijing”), a corporation formed under the laws of China. The purpose of Aircom Beijing is to conduct Aircom’s business and operations in China. Presently, its primary function is business development, both with respect to airlines as well as content providers and advertisement partners based in China as most business conducted in China requires a local registered company. Aircom Beijing is also actively seeking strategic partnerships whom Aircom may leverage in order to provide more and better services to its customers. Aircom also plans to provide local supports to China-based airlines via Aircom Beijing and teleports located in China.

NOTE 1 - Organization - Continued

Aircom and its subsidiaries (the "Company") are full-service, development stage providers of in-flight entertainment and connectivity solutions with their initial market in the Asian Pacific region.

The Company has not generated significant revenues, excluding non-recurring revenues from affiliates in the second quarter of fiscal 2018, and will incur additional expenses as a result of being a public reporting company. Currently, the Company has taken measures that management believes will improve its financial position by financing activities, including through its ongoing public offering, short-term borrowings and equity contributions. On April 23, 2019, the Company filed a post-effective amendment No. 2 with the Securities and Exchange Commission (the "SEC"), as described in Note 10, paragraph 2), to extend the public offering to attempt to raise the remaining $16.44 million of the originally registered public offering amount, as well as the $9 million over-subscription option amount (see Note 10). Furthermore, two of the Company's current shareholders (the "Lenders") each committed to provide to the Company a $10 million bridge loan (together, the "Loans") for an aggregate principal amount of $20 million, to bridge the Company's cash flow needs prior to its obtaining a mortgage loan to be secured by a parcel of land (the "Land") the Company intends to purchase in Taiwan. The Lenders also agreed to an earlier closing of up to 25% of the principal amounts of the Loans upon the Company's request prior to the time that title to the Land is vested in the Company's subsidiary, Aerkomm Taiwan, to pay the outstanding payable to the Company's vendors (see Note 14). With the $16.44 million to be raised in the remainder of the Company's ongoing public offering and the $20 million in Loans committed by the Lenders, the Company believes its working capital will be adequate to sustain its operations for the next twelve months.

On January 16, 2019, the Company completed a 1-for-5 reverse split of the Company's authorized, issued and outstanding shares of common stock, which was completed by the filing of a Certificate of Change Pursuant to NRS 78.209 with the Nevada Secretary of State on December 26, 2018. All of the references in these financial statements to authorized common stock and issued and outstanding common stock have been adjusted to reflect this reverse split.

NOTE 2 - Summary of Significant Accounting Policies

Changes in Fiscal Year

On March 18, 2018, the Company's Board of Directors approved a change in the Company's fiscal year end from December 31 to March 31. Year-over-year quarterly financial data continue to be comparative to prior periods as the three months that comprise each fiscal quarter in the new fiscal year are the same as those in the Company's historical financial statements.

On February 12, 2019, the Company's Board of Directors approved a change in the Company's fiscal year end from March 31 to December 31. Year-over-year quarterly financial data continue to be comparative to prior periods as the three months that comprise each fiscal quarter in the new fiscal year are the same as those in the Company's historical financial statements.

Principle of Consolidation

Aerkomm consolidates the accounts of its subsidiaries, Aircom, Aircom Seychelles, Aircom HK, Aircom Japan, Aircom Taiwan, Aerkomm Taiwan and Aircom Beijing. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications of Prior Period Presentation

Certain prior period balance sheet and income statement amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash in banks. As of March 31, 2019 and December 31, 2018, all cash in bank was fully insured by the Federal Deposit Insurance Corporation (FDIC) for the Company and no balance of cash in foreign bank exceeded the amount insured by local deposit insurance.

The Company performs ongoing credit evaluation of its customers and requires no collateral. An allowance for doubtful accounts is provided based on a review of the collectability of accounts receivable. The Company determines the amount of allowance for doubtful accounts by examining its historical collection experience and current trends in the credit quality of its customers as well as its internal credit policies. Actual credit losses may differ from management's estimates.

NOTE 2 - Summary of Significant Accounting Policies - Continued

Inventories

Inventories are recorded at the lower of weighted-average cost or net realizable value. The Company assesses the impact of changing technology on its inventory on hand and writes off inventories that are considered obsolete. Estimated losses on scrap and slow-moving items are recognized in the allowance for losses.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. When value impairment is determined, the related assets are stated at the lower of fair value or book value. Significant additions, renewals and betterments are capitalized. Maintenance and repairs are expensed as incurred.

Depreciation is computed by using the straight-line and double declining methods over the following estimated service lives: ground station equipment – 5 years, computer equipment - 3 to 5 years, furniture and fixtures - 5 years, satellite equipment – 5 years, vehicles – 5 years and lease improvement – 5 years.

Construction costs for on-flight entertainment equipment not yet in service are recorded under construction in progress.

Upon sale or disposal of property and equipment, the related cost and accumulated depreciation are removed from the corresponding accounts, with any gain or loss credited or charged to income in the period of sale or disposal.

The Company reviews the carrying amount of property and equipment for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. It determined that there was no impairment loss for the three-month periods ended March 31, 2019.

Right-of-Use Asset and Lease Liability

In February 2016, the FASB issued ASU No. 2016-02, “Leases” (Topic 842) (“ASU 2016-02”), which modifies lease accounting for both lessees and lessors to increase transparency and comparability by recognizing lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and disclosing key information about leasing arrangements.

A lessee should recognize the lease liability to make lease payments and the right-of-use asset representing its right to use the underlying asset for the lease term. For operating leases, a right-of-use asset and a lease liability are initially measured at the present value of the lease payments. The amortization of the right-of-use asset is allocated over the lease term generally on a straight-line basis.

For the lease within a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term.

Goodwill and Purchased Intangible Assets

The Company’s goodwill represents the amount by which the total purchase price paid exceeded the estimated fair value of net assets acquired from acquisition of subsidiaries. The Company tests goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment.

Purchased intangible assets with finite life are amortized on the straight-line basis over the estimated useful lives of respective assets. Purchased intangible assets with indefinite life are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Purchased intangible asset consists of satellite system software and is amortized over 10 years.

NOTE 2 - Summary of Significant Accounting Policies - Continued

Fair Value of Financial Instruments

The Company utilizes the three-level valuation hierarchy for the recognition and disclosure of fair value measurements. The categorization of assets and liabilities within this hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy consist of the following:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.

Level 3 - Inputs to the valuation methodology are unobservable inputs based upon management's best estimate of inputs market participants could use in pricing the asset or liability at the measurement date, including assumptions.

The carrying amounts of the Company's cash, accounts receivable, other receivable, short-term loan and other payable approximated their fair value due to the short-term nature of these financial instruments.

Research and Development Costs

Research and development costs are charged to operating expenses as incurred. For the three-month periods ended March 31, 2019 and 2018, the Company incurred $416,231 (unaudited) and $90,750 of research and development costs, respectively.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities. Adjustments to prior period's income tax liabilities are added to or deducted from the current period's tax provision.

The Company follows FASB guidance on uncertain tax positions and has analyzed its filing positions in all the federal, state and foreign jurisdictions where it is required to file income tax returns, as well as all open tax years in those jurisdictions. The Company files income tax returns in the US federal, state and foreign jurisdictions where it conducts business. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on its consolidated financial position, results of operations, or cash flows. Therefore, no reserves for uncertain tax positions have been recorded. The Company does not expect its unrecognized tax benefits to change significantly over the next twelve months.

The Company's policy for recording interest and penalties associated with any uncertain tax positions is to record such items as a component of income before taxes. Penalties and interest paid or received, if any, are recorded as part of other operating expenses in the consolidated statement of operations.

NOTE 2 - Summary of Significant Accounting Policies - Continued

Translation Adjustments

If a foreign subsidiary's functional currency is the local currency, translation adjustments will result from the process of translating the subsidiary's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported under other comprehensive income (loss) as a separate component of stockholders' equity.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing income available to common shareholders by the weighted-average number of shares of common outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include stock warrants and outstanding stock options, shares to be purchased by employees under the Company's employee stock purchase plan.

Subsequent Events

The Company has evaluated events and transactions after the reported period up to May 10, 2019, the date on which these consolidated financial statements were available to be issued. All subsequent events requiring recognition as of March 31, 2019 have been included in these consolidated financial statements.

NOTE 3 - Recent Accounting Pronouncements

Financial Instruments

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), which modifies the measurement of expected credit losses of certain financial instruments. ASU 2016-13 will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the impact of adopting ASU 2016-13 on its consolidated financial statements.

Intangibles

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other" (Topic 350): Simplifying the Test for Goodwill Impairment, which goodwill shall be tested at least annually for impairment at a level of reporting referred to as a reporting unit. ASU 2017-04 will be effective for annual periods beginning after December 15, 2019. The Company is currently evaluating the impact of adopting ASU 2017-04 on its consolidated financial statements.

NOTE 4 - Inventories

As of March 31, 2019 and December 31, 2018, inventories consisted of the following:

	March 31, 2019 (Unaudited)	December 31, 2018
Satellite equipment for sale under construction	$ 1,329,639	$ -
Supplies	5,219	5,273
	1,334,858	5,273
Allowance for inventory loss	(5,219)	(5,273)
Net	$ 1,329,639	$ -

As of March 31, 2019, the Company transferred construction in progress and Prepayment - Equipment in the amount of $895,014 and $54,625, respectively, to inventories.

NOTE 5 - Property and Equipment

As of March 31, 2019 and December 31, 2018, the balances of property and equipment were as follows:

	March 31, 2019	December 31, 2018
	(Unaudited)	
Ground station equipment	$ 1,854,027	$ 1,854,027
Computer software and equipment	321,070	321,070
Satellite equipment	275,410	275,410
Vehicle	141,971	141,971
Leasehold improvement	87,721	89,721
Furniture and fixture	34,619	33,344
	2,714,818	2,715,543
Accumulated depreciation	(459,475)	(322,049)
Net	2,255,343	2,393,494
Prepayments - land	35,237,127	35,237,127
Prepayment for equipment	-	54,625
Construction in progress	-	1,311,245
Net	$ 37,492,470	$ 38,996,491

As of December 31, 2018, the balance of construction in progress was $1,311,245 after the Company transferred construction in progress in the amount of $721,799 to R&D expenses and $1,854,027 to ground station equipment. As of March 31, 2019, the balance of construction in progress was $0 after the Company transferred $416,231 to R&D expenses and $895,014 to inventories. The Company also transferred $54,625 of prepayment for equipment to inventory.

On May 1, 2018, the Company and Aerkomm Taiwan entered into a binding memorandum of understanding with Tsai Ming-Yin (the "Seller") with respect to the acquisition by Aerkomm Taiwan of a parcel of land located in Taiwan. The land is expected to be used to build a satellite ground station and data center. On July 10, 2018, the Company, Aerkomm Taiwan and the Seller entered into a certain real estate sales contract regarding this acquisition. Pursuant to the terms of the contract, and subsequent amendments on July 30, 2018, September 4, 2018, November 2, 2018 and January 3, 2019, the Company paid to the seller in installments refundable prepayment of $33.85 million as of December 31, 2018. The remaining amount of the purchase price, $624,462, which may also be paid in installments, must be paid in full by the Company and Aerkomm Taiwan in cash before January 4, 2019, which was subsequently extended to July 4, 2019. As of March 31, 2019, the estimated commission payable for the land purchase in the amount of $1,369,148 was recorded to the cost of land.

NOTE 6 - Intangible Asset, Net

As of March 31, 2019 and December 31, 2018, the cost and accumulated amortization for intangible asset were as follows:

	March 31, 2019	December 31, 2018
	(Unaudited)	
Satellite system software	$ 4,950,000	$ 4,950,000
Accumulated amortization	(1,691,250)	(1,567,500)
Net	$ 3,258,750	$ 3,382,500

NOTE 7 - Operating Lease Right-of-Use Asset

As of March 31, 2019, the cost and accumulated amortization for operating lease right-of-use asset were as follows:

	March 31, 2019
	(Unaudited)
Right-of-used asset	$ 700,065
Accumulated amortization	(115,710)
Net	$ 584,355

NOTE 8 – Lease Liability

A. Lease term and discount rate

The weighted-average remaining lease term (in years) and discount rate related to the operating leases were as follows:

	Three Months Ended March 31, 2019
Weighted-average remaining lease term	1 year
Weighted-average discount rate	6.00%

As most of our leases do not provide an implicit rate, we use the prime rate based on the information available at the lease commencement date to determine the present value of lease payments.

B. Maturity of lease liabilities

	Related Party	Others	Total
Remainder of 2019	$ 65,481	$ 415,815	$ 481,296
2020	16,695	205,254	221,949
Total lease payments	$ 82,176	$ 621,069	$ 703,245
Less: Imputed interest	(3,091)	(23,528)	(26,619)
Present value of lease liabilities	$ 79,085	$ 597,541	$ 676,626
Current portion	62,550	438,777	501,327
Non-current portion	$ 16,535	$ 158,764	$ 175,299

NOTE 9 - Income Taxes

Income tax expense for the three-month periods ended March 31, 2019 and 2018 consisted of the following:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
	(Unaudited)	
Current:		
Federal	$ -	$ -
State	1,600	2,400
Foreign	1,633	1,662
Total	$ 3,233	$ 4,062

The following table presents a reconciliation of the Company's income tax at statutory tax rate and income tax at effective tax rate for the three-month periods ended March 31, 2019 and 2018.

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
	(Unaudited)	
Tax benefit at statutory rate	$ (605,770)	$ (294,826)
Net operating loss carryforwards (NOLs)	273,067	172,225
Foreign investment losses	116,500	11,100
Stock-based compensation expense	65,700	57,919
Amortization expense	(12,800)	(1,700)
Accrued payroll	107,600	-
Others	58,936	59,344
Tax expense at effective tax rate	$ 3,233	$ 4,062

NOTE 9 - Income Taxes - Continued

Deferred tax assets (liability) as of March 31, 2019 and December 31, 2018 consist approximately of:

	March 31, 2019	December 31, 2018
	(Unaudited)	
Net operating loss carryforwards (NOLs)	$ 6,138,000	$ 5,632,000
Stock-based compensation expense	893,000	893,000
Accrued expenses and unpaid expense payable	381,000	184,000
Tax credit carryforwards	68,000	68,000
Excess of tax amortization over book amortization	(847,000)	(818,000)
Others	308,000	131,000
Gross	6,941,000	6,090,000
Valuation allowance	(6,941,000)	(6,090,000)
Net	$ -	$ -

Management does not believe the deferred tax assets will be utilized in the near future; therefore, a full valuation allowance is provided. The net change in deferred tax assets valuation allowance was an increase of approximately $851,000 the three months ended March 31, 2019.

As of December 31, 2017, the Company had federal NOLs of approximately $6,686,000 available to reduce future federal taxable income, expiring in 2037. As of March 31, 2019 and December 31, 2018, additional federal NOLs of approximately $13,313,000 and $12,515,000, respectively, were generated and will be carried forward indefinitely to reduce future federal taxable income. As of March 31, 2019 and December 31, 2018, the Company had State NOLs of approximately $21,995,000 and $21,049,000 respectively, available to reduce future state taxable income, expiring in 2039.

As of March 31, 2019 and December 31, 2018, the Company has Japan NOLs of approximately $323,000 and $319,000 available to reduce future Japan taxable income, expiring in 2029.

As of March 31,2019 and December 31, 2018, the Company has Taiwan NOLs of approximately $433,000 and $253,000 available to reduce future Taiwan taxable income, expiring in 2029.

As of March 31, 2019 and December 31, 2018, the Company had approximately $37,000 and $37,000 of federal research and development tax credit, available to offset future federal income tax. The credit begins to expire in 2034 if not utilized. As of March 31, 2019 and December 31, 2018, the Company had approximately $39,000 and $39,000 of California state research and development tax credit available to offset future California state income tax. The credit can be carried forward indefinitely.

The Company's ability to utilize its federal and state NOLs to offset future income taxes is subject to restrictions resulting from its prior change in ownership as defined by Internal Revenue Code Section 382. The Company does not expect to incur the limitation on NOLs utilization in future annual usage.

NOTE 10 - Capital Stock

1) Preferred Stock:

The Company is authorized to issue 50,000,000 shares of preferred stock, with par value of $0.001. As of March 31, 2019, there were no preferred stock shares outstanding. The Board of Directors has the authority to issue preferred stock in one or more series, and in connection with the creation of any such series, by resolutions providing for the issuance of the shares thereof, to determine dividends, voting rights, conversion rights, redemption privileges and liquidation preferences.

2) Common Stock:

The Company is authorized to issue 90,000,000 shares of common stock, reflecting a reverse split in the ratio of 1 for 5 effective January 16, 2019, with par value of $0.001.

NOTE 10 - Capital Stock - Continued

On February 13, 2017, all of Aircom's 5,513,334 restricted shares were converted to 2,055,947 shares of Aerkomm's restricted stock at the ratio of 2.681651 to 1, pursuant to the Exchange Agreement (see Note 1). As of March 31, 2019 and December 31, 2018, the restricted shares consisted of the following:

	March 31, 2019	December 31, 2018
	(Unaudited)	
Restricted stock - vested	1,802,373	1,802,373
Restricted stock - unvested	149,162	149,162
Total restricted stock	1,951,535	1,951,535

The unvested shares of restricted stock were recorded under a deposit liability account awaiting future conversion to common stock when they become vested. On December 21, 2018, the Company repurchased and cancelled an aggregate of 104,413 unvested shares of restricted common stock for a purchase price of $0.0067 per share.

On May 14, 2018, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Boustead Securities, LLC ("Boustead") in connection with the public offering (the "Offering"), issuance and sale of up to 1,411,782 shares of the Company's common stock on a best efforts basis, with a minimum requirement of 117,647 shares, at the public offering price of $42.50 per share (originally $8.5 per share before the 1-to-5 reverse split), less underwriting discounts, for minimum gross proceeds of $5,000,000 and up to a maximum of $60,000,000. As of December 31, 2018, pursuant to the Underwriting Agreement, the Company had issued an aggregate of 1,024,980 shares of common stock (including 19 shares that were added as a result of rounding in connection with the one-for-five reverse split concluded on January 16, 2019) for gross proceeds of $43,560,894, or net proceeds of $39,810,204. On April 23, 2019, the Company filed a post-effective amendment No. 2 with the Securities and Exchange Commission (the "SEC") to extend the Offering to attempt to raise the remaining $16.44 million of the amount that was originally registered in the Offering, as well as a $9 million over-subscription option amount.

3) Stock Warrant:

The Company has entered into a service agreement which provides for the issuance of warrants to purchase shares of its common stock to a service provider as payment for services. The warrants allow the service provider to purchase a number of shares of Aerkomm common stock equal to the service fee value divided by 85% of the share price paid by investors for Aerkomm's common stock in the first subsequent qualifying equity financing event, at an exercise price of $0.05 per share. For the three-month period ended March 31, 2019 and 2018, Aerkomm has issued additional stock warrants exercisable for $0 and $26,667, respectively, in value of Aerkomm common stock to the service provider as payment for additional services. As of March 31, 2018, these warrants are equivalent to 4,891 shares of the Company's common stock.

In connection with the Underwriting Agreement with Boustead, the Company agreed to issue to Boustead warrants to purchase a number of the Company's shares equal to 6% of the gross proceeds of the public offering, which shall be exercisable, in whole or in part, commencing on April 13, 2018 and expiring on the five-year anniversary at an initial exercise price of $53.125 per share, which is equal to 125% of the offering price paid by investors. As of March 31, 2019, the Company issued warrants to Boustead to purchase 61,498 shares of the Company's stock and the total warrant value is $125,500. For the three-month period ended March 31, 2019, the Company recorded $68,200 (unaudited) to decrease additional paid-in capital as the adjustment for the issuance costs of these stock warrants.

NOTE 11 - Related Party Transactions

A. Name of related parties and relationships with the Company:

Related Party	Relationship
Daniel Shih*	Co-founder and former stockholder; Aircom's CEO and Director between February 13, 2017 and April 26, 2017; Aircom's CFO between February 13, 2017 and May 5, 2017
Dmedia Holding LP ("Dmedia")	23.99% stockholder
Bummy Wu	Shareholder
Jeffrey Wun	Shareholder and CEO of Aerkomm and Aircom
Yih Lieh (Giretsu) Shih	President of Aircom Japan
Hao Wei Peng	Employee of Aircom Taiwan and founding owner of Aircom Taiwan prior to 12/19/2017
Louis Giordimaina	COO - Aviation of Aircom
Klingon Aerospace, Inc. ("Klingon")	Daniel Shih was the Chairman from February 2015 to February 2016
Wealth Wide Int'l Ltd. ("WWI")	Bummy Wu, a shareholder, is the Chairman
WISD Intellectual Property Agency, Ltd. ("WISD")	Patrick Li, Director of Aircom, is the Chairman; Chih-Ming (Albert) Hsu, Director of the Company, is a Director

* Daniel Shih has relinquished "beneficial ownership" of substantially all of his equity interests in the Company (whether held directly or indirectly) in a manner acceptable to the Company. This means that Daniel Shih no longer, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares (i) voting power, which includes the power to vote, or to direct the voting of, securities, and/or (ii) investment power, which includes the power to dispose, or to direct the disposition of, shares of the Company's common stock. Daniel Shih has also removed himself from any and all activities relating to the Company's business, including, but not limited to managerial, directional, advisory, promotional, developmental and fund-raising activities, effective upon the effectiveness of the registration statement on Form S-1 originally filed with the SEC on December 20, 2017 and declared effective on April 13, 2018, as amended and supplemented to date. Additionally, Barbie Shih (Barbie), Daniel Shih's wife, was not re-elected to the Company's board of directors on December 29, 2017. As a result of these events, neither Daniel nor Barbie will maintain any active affiliation with, or material beneficial ownership interest in, the Company.

B. Significant related party transactions:

The Company has extensive transactions with its related parties. It is possible that the terms of these transactions are not the same as those which would result from transactions among wholly unrelated parties.

a. As of March 31, 2019 and December 31, 2018:

	March 31, 2019	December 31, 2018
	(Unaudited)	
Temporary deposit to Bummy Wu[1]	$ -	$ 100,067
Rental deposit to Daniel Shih	$ 2,440	$ 2,462
Loan from Dmedia[2]	$ 182,500	$ -
Operating lease liability to:		
Daniel Shih[4]	$ 24,159	$ -
WWI[6]	54,926	-
Total	$ 79,085	$ -
Other payable to:		
Klingon[3]	$ 762,000	$ 762,000
Jeffrey Wun[5]	49,162	46,236
Louis Giordimaina	20,950	6,071
Daniel Shih[4]	13,325	13,444
Yih Lieh (Giretsu) Shih[5]	88,995	15,497
Hao Wei Peng[5]	47,492	-
WWI[6]	39,134	39,224
Others[5]	53,336	66,826
Total	$ 1,074,394	$ 949,298

NOTE 11 - Related Party Transactions - Continued

1. In November 2018, Aircom HK's bank account was temporarily frozen by its local bank in Hong Kong (the "HK bank") due to Aircom HK's failure to timely submit to the HK bank corporate documentation relating to the corporate organization and goodstanding of Aircom HK's parent company, Aircom, and Aircom's parent company, Aerkomm. To avoid a potential cash flow issue resulting from this temporary account freeze, Aircom HK withdrew $100,067 in cash from the HK bank and temporarily deposited it in an existing related party's bank account at a different bank for safe keeping. The Aircom HK's bank account with the HK bank was reactivated by the HK bank subsequently and the cash that was transferred to the related party's account was redeposited into Aircom HK's bank account at the HK bank in February 2019.

2. Represents short-term loan from Dmedia. This short-term loan has an expiration date of January 30, 2020 and an annual interest rate of 3%.

3. On March 9, 2015, the Company entered into a 10-year purchase agreement with Klingon. In accordance with the terms of this agreement, Klingon agreed to purchase from the Company an initial order of onboard equipment comprising an onboard system for a purchase price of $909,000, with payments to be made in accordance with a specific milestones schedule. As of December 31, 2018, the Company received $762,000 from Klingon in milestone payments towards the equipment purchase price. Since the project might not be successful, the Company reclassified the balance from customer prepayment to other payable due to uncertainty.

4. The amount represents rental payable.

5. Represents payable to employees as a result of regular operating activities.

6. Represents rent for a warehouse in Hong Kong to store the Company's hardware and another rent for the Hong Kong office starting June 28, 2018.

b. For the three-month periods ended March 31, 2019 and 2018:

	Three Months Ended March 31, 2019 (Unaudited)	Three Months Ended March 31, 2018
Consulting expense paid to Louis Giordimaina	$ -	$ 134,971
Amortization expense of right-of-use asset charged by Daniel Shih	3,970	4,040
Amortization expense of right-of-use asset charged by WWI	11,432	1,350
Interest expense charged by Dmedia	298	1,201

On May 25, 2018, Mr. Louis Giordimaina was converted from a consultant to a full-time employee and was appointed as Chief Operating Officer – Aviation. The consulting expense paid for the three-month period ended March 31, 2018 in the amount of $134,971 represents the consulting services provided prior to the conversion.

Aircom Japan entered into a lease agreement with Daniel Shih, between August 1, 2014 and July 31, 2016, which was renewed on July 31, 2018. Pursuant to the terms of this lease agreement, Aircom Japan pays Daniel Shih a rental fee of approximately $1,200 per month. The lease will be expired on June 2020.

The Company has a lease agreement with WWI with monthly rental cost of $450. The lease term was from June 1, 2017 to May 31, 2018 and the lease was not renewed. The Company has another lease agreement with WWI for its office space in Hong Kong with monthly rental cost of HKD 30,000. The lease term is from June 28, 2018 to June 27, 2020.

NOTE 12 - Stock Based Compensation

In March 2014, Aircom's Board of Directors adopted the 2014 Stock Option Plan (the "Aircom 2014 Plan"). The Aircom 2014 Plan provided for the granting of incentive stock options and non-statutory stock options to employees, consultants and outside directors of Aircom. On February 13, 2017, pursuant to the Exchange Agreement, Aerkomm assumed the options of Aircom 2014 Plan and agreed to issue options for an aggregate of 1,088,882 shares to Aircom's stock option holders.

One-third of stock option shares will be vested as of the first anniversary of the time the option shares are granted or the employee's acceptance to serve the Company, and 1/36th of the shares will be vested each month thereafter. Option price is determined by the Board of Directors. The Aircom 2014 Plan became effective upon its adoption by the Board and shall continue in effect for a term of 10 years unless sooner terminated under the terms of Aircom 2014 Plan.

On May 5, 2017, the Board of Directors of Aerkomm adopted the Aerkomm Inc. 2017 Equity Incentive Plan (the "Aerkomm 2017 Plan" and together with the Aircom 2015 Plan, the "Plans")) and the reservation of 1,000,000 shares of common stock for issuance under the Aerkomm 2017 Plan. On June 23, 2017, the Board of Directors voted to increase the number of shares of common stock reserved for issuance under the Aerkomm 2017 Plan to 2,000,000 shares. The Aerkomm 2017 Plan provides for the granting of incentive stock options and non-statutory stock options to employees, consultants and outside directors of the Company, as determined by the Compensation Committee of the Board of Directors (or, prior to the establishment of the Compensation Committee on January 23, 2018, the Board of Directors).

On June 23, 2017, the Board of Directors agreed to issue options for an aggregate of 291,000 shares under the Aerkomm 2017 Plan to certain officers and directors of the Company. The option agreements are classified into three types of vesting schedule, which includes, 1) 1/6 of the shares subject to the option shall vest commencing on the vesting start date and the remaining shares shall vest at the rate of 1/60 for the next 60 months on the same day of the month as the vesting start date; 2) 1/4 of the shares subject to the option shall vest commencing on the vesting start date and the remaining shares shall vest at the rate of 1/36 for the next 36 months on the same day of the month as the vesting start date; 3) 1/3 of the shares subject to the option shall vest commencing on the first anniversary of vesting start date and the remaining shares shall vest at the rate of 50% each year for the next two years on the same day of the month as the vesting start date.

On July 31, 2017, the Board of Directors approved to issue options for an aggregate of 109,000 shares under the Aerkomm 2017 Plan to 11 of its employees. 1/3 of these shares subject to the option shall vest commencing on the first anniversary of vesting start date and the remaining shares shall vest at the rate of 50% each year for the next two years on the same day of the month as the vesting start date.

On December 29, 2017, the Board of Directors approved to issue options for an aggregate of 12,000 shares under the Aerkomm 2017 Plan to three of the Company's independent directors, 4,000 shares each. All of these options were vested immediately upon issuance.

On June 19, 2018, the Compensation Committee approved to issue options for 32,000 and 30,000 shares under the Aerkomm 2017 Plan to two of the Company executives. One-fourth of the 32,000 shares subject to the option shall vest on May 1, 2019, 2020, 2021 and 2022, respectively. One-third of the 30,000 shares subject to the option shall vest on May 29, 2019, 2020 and 2021, respectively.

On December 29, 2018, the Compensation Committee approved to issue options for an aggregate of 12,000 shares under the Aerkomm 2017 Plan to three of the Company's independent directors, 4,000 shares each. All of these options were vested immediately upon issuance.

Option price is determined by the Compensation Committee. The Aerkomm 2017 Plan has been adopted by the Board and shall continue in effect for a term of 10 years unless sooner terminated under the terms of Aerkomm 2017 Plan. The Aerkomm 2017 Plan was approved by the Company's stockholders on March 28, 2018.

Valuation and Expense Information

Measurement and recognition of compensation expense based on estimated fair values is required for all share-based payment awards made to its employees and directors including employee stock options. The Company recognized compensation expense of $313,042 (unaudited) and $275,806 for the three-month periods ended March 31, 2019 and 2018, respectively, related to such employee stock options.

NOTE 12 - Stock Based Compensation - Continued

Determining Fair Value

Valuation and amortization method

The Company uses the Black-Scholes option-pricing-model to estimate the fair value of stock options granted on the date of grant or modification and amortizes the fair value of stock-based compensation at the date of grant on a straight-line basis for recognizing stock compensation expense over the vesting period of the option.

Expected term

The expected term is the period of time that granted options are expected to be outstanding. The Company uses the SEC's simplified method for determining the option expected term based on the Company's historical data to estimate employee termination and options exercised.

Expected dividends

The Company does not plan to pay cash dividends before the options are expired. Therefore, the expected dividend yield used in the Black-Scholes option valuation model is zero.

Expected volatility

Since the Company has no historical volatility, it used the calculated value method which substitutes the historical volatility of a public company in the same industry to estimate the expected volatility of the Company's share price to measure the fair value of options granted under the Plans.

Risk-free interest rate

The Company based the risk-free interest rate used in the Black-Scholes option valuation model on the market yield in effect at the time of option grant provided in the Federal Reserve Board's Statistical Releases and historical publications on the Treasury constant maturities rates for the equivalent remaining terms for the Plans.

Forfeitures

The Company is required to estimate forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate option forfeitures and records share-based compensation expense only for those awards that are expected to vest.

The Company used the following assumptions to estimate the fair value of options granted in 2018 under the Plans as follows:

Assumptions	
Expected term	10 years
Expected volatility	59.83% - 61.78%
Expected dividends	0%
Risk-free interest rate	2.72% - 2.99%
Forfeiture rate	0% - 5%

NOTE 12 - Stock Based Compensation - Continued

Aircom 2014 Plan

A summary of the number of shares, weighted average exercise price and estimated fair value of options for Aircom 2014 Plan as of December 31, 2018 and March 31, 2019 was as follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Fair Value Per Share
Options outstanding at January 1, 2018	932,262	0.4081	0.1282
Granted	-	-	-
Exercised	-	-	-
Forfeited/Cancelled	-	-	-
Options outstanding at December 31, 2018	932,262	0.4081	0.1282
Granted	-	-	-
Exercised	-	-	-
Forfeited/Cancelled	-	-	-
Options outstanding at March 31, 2019	932,262	0.4081	0.1282
Options exercisable at December 31, 2018	846,287	0.2892	0.0908
Options exercisable at March 31, 2019	926,048	0.3884	0.1220

A summary of the status of nonvested shares under Aircom 2014 Plan as of December 31, 2018 and March 31, 2019 was as follows:

	Number of Shares	Weighted Average Exercise Price Per Share
Options nonvested at January 1, 2018	302,467	0.8315
Granted	-	-
Vested	(216,492)	0.5349
Forfeited/Cancelled	-	-
Options nonvested at December 31, 2018	85,975	1.5786
Granted	-	-
Vested	(79,761)	1.4404
Forfeited/Cancelled	-	-
Options nonvested at March 31, 2019	6,214	3.3528

NOTE 12 - Stock Based Compensation - Continued

Aerkomm 2017 Plan

A summary of the number of shares, weighted average exercise price and estimated fair value of options under Aerkomm 2017 Plan as of December 31, 2018 and March 31, 2019 was as follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Fair Value Per Share
Options outstanding at January 1, 2018	253,000	30.8824	18.4796
Granted	78,000	19.7462	9.2500
Exercised	-	-	-
Forfeited/Cancelled	(48,000)	27.5000	16.4610
Options outstanding at December 31, 2018	283,000	28.3867	16.2781
Granted	-	-	-
Exercised	-	-	-
Forfeited/Cancelled	-	-	-
Options outstanding at March 31, 2019	283,000	28.3867	16.2781
Options exercisable at December 31, 2018	111,589	28.7052	16.5968
Options exercisable at March 31, 2019	115,714	28.6623	16.5920

A summary of the status of nonvested shares under Aerkomm 2017 Plan as of March 31, 2019 and December 31, 2018 was as follows:

	Number of Shares	Weighted Average Exercise Price Per Share
Options nonvested at January 1, 2018	168,250	32.4079
Granted	78,000	19.7462
Vested	(74,839)	28.8962
Forfeited/Cancelled	-	-
Options nonvested at December 31, 2018	171,411	28.1794
Granted	-	-
Vested	(4,125)	27.5000
Forfeited/Cancelled	-	-
Options nonvested at December 31, 2018	167,286	28.1962

As of March 31, 2019 and December 31, 2018, there were approximately $1,853,000 (unaudited) and $2,174,000, respectively, of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plans. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures. The Company expects to recognize that cost over a weighted average period of 1 - 5 years.

NOTE 13 - Commitments

As of March 31, 2019, the Company's significant contingency is summarized as follow:

On June 20, 2018, the Company entered into a Cooperation Framework Agreement with Shenzhen Yihe Culture Media Co., Ltd. ("Yihe"), the authorized agent of Guangdong Tengnan Internet, pursuant to which Yihe will promote the development of strategic cooperation between the Company and Guangdong Tengnan Internet. Specifically, Yihe agreed to assist the Company with public relations and advertising, such as market and brand promotion, as well as brand recognition in China (excluding Hong Kong, Macao and Taiwan), including but not limited to news dissemination, creative planning and support of campaigns, financial public relations and internet advertising. More specifically, Yihe will help the Company develop a working application of the WeChat Pay payment solution as well as WeChat applets applicable for Chinese users and relating to cell phone and WiFi connectivity on airplanes, and Yihe will assist the Company in integrating other Tencent internet-based original product offerings. As compensation, the Company agreed to pay Yihe RMB 8 million (approximately US$1.2 million), with RMB 2,000,000 (approximately US$309,000) paid on June 29, 2018 and the remaining RMB 6,000,000 (approximately US$927,000) to be paid by August 15, 2018. However, the Company is currently working with Yihe to postpone the project as well as the remaining payment, although there can be no assurance that a postponement will be agreed upon on terms acceptable to the Company if at all.

NOTE 14 - Subsequent Events

Public Offering

On April 23, 2019, the Company filed a post-effective amendment No. 2 with SEC to extend the Offering, as described in Note 10, 2), to extend the Offering to attempt to raise the remaining $16.44 million of the originally registered Offering amount, as well as the $9 million over-subscription option amount.

Bridge Loan

On May 9, 2019, two of the Company's current shareholders each committed to provide to the Company a $10 million bridge loan for an aggregate principal amount of $20 million, to bridge the Company's cash flow needs prior to its obtaining a mortgage loan to be secured by certain land (the "Land") the Company intends to purchase. The Land consists of approximately 6.36 acres of undeveloped land located at the Taishui Grottoes in the Xinyi District of Keelung City, Taiwan. Aerkomm Taiwan has contracted to purchase the Land for NT$1,056,297,507, or US$34,474,462, and the Company has made deposits totaling US$33,850,000 for this acquisition. The Company expects to pay the remaining balance of the purchase price, approximately US$624,462, and to complete the purchase of the Land following its completion of the Offering. The Loans will be secured by the Land with the initial closing date of the Loans to be a date, designated by the Company, within 30 days following the date that the title for the Land is fully transferred to and vested in the Company's subsidiary, Aerkomm Taiwan. The Loans shall bear interest, non-compounding, at the Bank of America Prime Rate plus 1%, annually, calculated on the actual number of days the Loans are outstanding and based on a 365-day year and shall be due and payable upon the earlier of (1) the date of the Company's (or the Company's subsidiary, Aerkomm Taiwan) obtaining a mortgage loan secured by the Land with a principal amount of not less than $20 million and (2) one year following the initial closing date of the Loans. The Lenders also agreed to an earlier closing of up to 25% of the principal amounts of the Loans upon the Company's request prior to the time that title to the Land is vested in the Company's subsidiary, Aerkomm Taiwan, provided that the Company provides adequate evidence to the Lenders that the proceeds of such an earlier closing would be applied to pay the Company's vendors. The Company, of course, cannot provide any assurances that it will be able to raise sufficient additional finds in the Offering to complete its acquisition of the Land or to obtain a mortgage on the Land if and when it is acquired.

Land Commission

On July 10, 2018, in conjunction with the Land acquisition, the Company entered into a binding letter of commitment with Metro Investment Group Limited, or MIGL, pursuant to which we agreed to pay MIGL an agent commission of four percent (4%) of the full purchase price, equivalent to approximately US$1,387,127, for MIGL's services provided with respect to the acquisition. The commission must be paid to MIGL no later than 90 days following payment in full of the purchase price. If there is a delay in payment, we shall be responsible for punitive liquidated damages at the rate of one tenth of one percent (0.1%) of the commission per day of delay with a maximum cap to these damages of five percent (5%). Under applicable Taiwanese law, the commission is due and payable upon signing of the letter of commitment even if the contract is cancelled for any reason and the acquisition is not completed. We have recorded the estimated commission to the cost of land and will be paying the amount no later than 90 days following full payment of the purchase price.

On May 9, 2019, the Company amended the binding letter of commitment with MIGL to extend the payment to be paid after the full payment of the Land acquisition price until no later than December 31, 2020.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Use of Terms

Except as otherwise indicated by the context and for the purposes of this report only, references in this report to "we," "us," "our," or "our company" are to the combined business of Aerkomm Inc., a Nevada corporation, and its consolidated subsidiaries, including Aircom Pacific, Inc., a California corporation and wholly-owned subsidiary, or Aircom; Aircom Pacific Ltd., a Republic of Seychelles company and wholly-owned subsidiary of Aircom; Aircom Pacific Inc. Limited, a Hong Kong company and wholly-owned subsidiary of Aircom; Aircom Japan, Inc., a Japanese company and wholly-owned subsidiary of Aircom; and Aircom Telecom LLC, a Taiwanese company and wholly-owned subsidiary of Aircom, Aircom Taiwan, or Aircom Beijing.

Special Note Regarding Forward Looking Statements

Certain information contained in this report includes forward-looking statements. The statements herein which are not historical reflect our current expectations and projections about our future results, performance, liquidity, financial condition, prospects and opportunities and are based upon information currently available to us and our interpretation of what is believed to be significant factors affecting the businesses, including many assumptions regarding future events. The following factors, among others, may affect our forward-looking statements:

- our future financial and operating results;
- our intentions, expectations and beliefs regarding anticipated growth, market penetration and trends in our business;
- our ability to attract and retain customers;
- our dependence on growth in our customers' businesses;
- the effects of changing customer needs in our market;
- the effects of market conditions on our stock price and operating results;
- our ability to successfully complete the development, testing and initial implementation of our product offerings;
- our ability to maintain our competitive advantages against competitors in our industry;
- our ability to timely and effectively adapt our existing technology and have our technology solutions gain market acceptance;
- our ability to introduce new offerings and bring them to market in a timely manner;
- our ability to maintain, protect and enhance our intellectual property;
- the effects of increased competition in our market and our ability to compete effectively;
- our expectations concerning relationship with customers and other third parties;
- the attraction and retention of qualified employees and key personnel;
- future acquisitions of our investments in complementary companies or technologies; and
- our ability to comply with evolving legal standards and regulations.

Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "should," "expect," "anticipate," "estimate," "believe," "intend," or "project" or the negative of these words or other variations on these words or comparable terminology. Actual results, performance, liquidity, financial condition, prospects and opportunities could differ materially from those expressed in, or implied by, these forward-looking statements as a result of various risks, uncertainties and other factors, including the ability to raise sufficient capital to continue our operations. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under "Risk Factors" included in our Transition Report on Form 10-KT for the transition period from March 1, 2018 through December 31, 2018, and matters described in this report generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this report will in fact occur.

Potential investors should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

The specific discussions herein about our company include financial projections and future estimates and expectations about our business. The projections, estimates and expectations are presented in this report only as a guide about future possibilities and do not represent actual amounts or assured events. All the projections and estimates are based exclusively on our management's own assessment of our business, the industry in which we work and the economy at large and other operational factors, including capital resources and liquidity, financial condition, fulfillment of contracts and opportunities. The actual results may differ significantly from the projections.

Potential investors should not make an investment decision based solely on our company's projections, estimates or expectations.

Overview

We are a full-service development stage provider of IFEC solutions. With advanced technologies and a unique business model, we plan to provide airline passengers with a true broadband in-flight experience that encompasses a wide range of service options. Such options will include Wi-Fi, cellular networks, movies, gaming, live TV, and music. We expect to offer these core services, which we are currently still developing, through both built-in in-flight entertainment systems, such as a seatback display, as well as on passengers' personal devices. We also expect to provide content management services and e-commerce solutions related to our IFEC offerings.

We plan to partner with airlines and offer airline passengers free IFEC services. We expect to generate revenues through advertising and in-flight passenger transactions.

To complement and facilitate our planned IFEC service offerings, we intend to build satellite ground stations and related data centers within the geographic regions where we expect to be providing IFEC airline services.

Additionally, we have begun to develop and sell internet connectivity systems for hotels primarily located in remote regions. We expect to be providing these systems for maritime use as well.

MJet GMBH General Terms Agreement

On March 6, 2019, we signed a General Terms Agreement (GTA) with MJet GMBH, or MJet, an Airbus Corporate Jets ("ACJ") customer, with a more definitive agreement to follow. MJet is an ACJ A319 corporate jet owner and operator based in Vienna, Austria. The GTA provides for the provision, installation, testing and certification of our Aerkomm K++ system equipment, including the Airbus Service Bulletin and associated material kit and related connectivity services, on an MJet ACJ A319 aircraft under the supervision of Airbus. Assuming the installation, testing and certification of our AERKOMM®K++ system on the MJet A319 is successful, something we cannot guarantee at this time, MJet will pay us a one-time fee for our equipment and a monthly fee for our connectivity services, and we would also begin charging MJet for the bandwidth required to use the AERKOMM®K++ system services. Assuming the success of this installation, MJet would become the first recurring payment customer of our IFEC AERKOMM®K++ system as well as being the launch customer of our Aerkomm K++ solution.

Business Development

We are actively working with prospective airline customers to provide services to their passengers utilizing the Airbus certified AERKOMM®K++ system. We have entered into non-binding memoranda of understanding with a number of airlines, including Air Malta Airlines of Malta, PanAfriqiyah of Malta, and Onur Air of Turkey. There can be no assurances, however, that these will lead to actual purchase agreements.

In view of the increasing demand by the airlines for a bigger data throughput, during the course of discussions between us and Airbus, we have revised our strategy to focus primarily on Ka-band IFEC solutions for airlines and have suspended work on our dual band satellite inflight connectivity solution. The Ku-band system will, however, still be retained for other product applications such as remote locations and maritime use.

In connection with the Airbus project, we also identified owners of ACJ aircraft, as potential customers of our AERKOMM®K++ system. ACJ customers, however, would not generate enough internet traffic to make our free-service business model viable. To capitalize on this additional market, we plan to sell our AERKOMM®K++ system hardware for installation on ACJ corporate jets and provide connectivity through subscription based plans. This new corporate jet market would generate additional revenue and income for our company. We are currently in advanced discussions with a number of ACJ customers, some of whom have more than one aircraft in their fleets.

Our AERKOMM®K++ System

Following the course of discussions between us and Airbus and in view of the increasing demand by the airlines for a bigger data throughput, we have revised our strategy to focus primarily on Ka-band satellite connectivity solutions for aviation customers and have suspended work on our dual band satellite connectivity solution. Our AERKOMM®K++ system will operate through Ka/Ka High Throughput Satellites. The Ku-band system will, however, still be retained for the other applications such as remote locations and maritime use.

Our AERKOMM®K++ system will contain a low profile radome (that is, a dome or similar structure protecting our radio equipment) containing two Ka-band antennas, one for transmitting and the other for receiving, and will comply with the ARINC 791 standard of Aeronautical Radio, Incorporated. Our AERKOMM®K++ system also meets Airbus Design Organization Approval.

GEO (Geostationary Earth Orbiting) and LEO (Low Earth Orbiting) Ka-band Satellites

Our initial AERKOMM®K++ system will work only with geostationary earth orbiting, or GEO, Ka-band satellites. Performance of GEO satellites diminishes greatly in the areas near the Earth's poles. Only low earth orbiting, or LEO, satellites can collect high quality data over the North and South poles. We are developing technologies to work with LEO satellites and plans to partner with Airbus to develop aircraft installation solutions. As new GEO and LEO Ka-band satellites are being regularly launched over the next few years, which, we expect, will enable the provision of worldwide aircraft coverage, we plan to have the necessary technology ready to take advantage of this new trend in Ka-band aviation connectivity, although it cannot assure you that it will be successful in this new area of endeavor.

Ground-based Satellite System Sales

Since our acquisition of Aircom Taiwan in December 2017, this wholly owned subsidiary has been developing ground-based satellite connectivity components which have an application in remote regions that lack regular affordable ground-based communications. In September, 2018, Aircom Taiwan consummated its first sale of such a component, a small cell server terminal, in the amount of $1,730,000. This server terminal will be utilized by the purchaser in the construction of a satellite-based ground communication system which will act as a multicast service extension of existing networks. The system is designed to extend local existing networks, such as ISPs and mobile operators, into rural areas and create better coverage and affordable connectivity in these areas. Aircom Taiwan expects to sell additional satellite connectivity components, systems and services to be used in ground mobile units in the future, although there can be no assurances that it will be successful in these endeavors.

In addition, in September 2018, Aircom Taiwan provided installation and testing services of a satellite-based ground connectivity system to a remote island resort and received service income related to this project in the amount of $15,000. Upon the completion of this system's testing phase, and assuming that the system operates satisfactorily, Aircom Taiwan expects to begin to sell this system to multiple, remotely located resorts. We can make no assurances at this time however, that this system will operate satisfactorily, that we will be successful in introducing this system as a viable product offering or that we will be able to generate any additional revenue from the sale and deployment of this system.

Principal Factors Affecting Financial Performance

We believe that our operating and business performance is driven by various factors that affect the commercial airline industry, including trends affecting the travel industry and trends affecting the customer bases that we target, as well as factors that affect wireless Internet service providers and general macroeconomic factors. Key factors that may affect our future performance include:

- our ability to enter into and maintain long-term business arrangements with airline partners, which depends on numerous factors including the real or perceived availability, quality and price of our services and product offerings as compared to those offered by our competitors;
- the extent of the adoption of our products and services by airline partners and customers;
- costs associated with implementing, and our ability to implement on a timely basis, our technology, upgrades and installation technologies;
- costs associated with and our ability to execute our expansion, including modification to our network to accommodate satellite technology, development and implementation of new satellite-based technologies, the availability of satellite capacity, costs of satellite capacity to which we may have to commit well in advance, and compliance with regulations;
- costs associated with managing a rapidly growing company;
- the number of aircraft in service in our markets, including consolidation of the airline industry or changes in fleet size by one or more of our commercial airline partners;
- the economic environment and other trends that affect both business and leisure travel;
- continued demand for connectivity and proliferation of Wi-Fi enabled devices, including smartphones, tablets and laptops;
- our ability to obtain required telecommunications, aviation and other licenses and approvals necessary for our operations; and
- changes in laws, regulations and interpretations affecting telecommunications services and aviation, including, in particular, changes that impact the design of our equipment and our ability to obtain required certifications for our equipment.

Emerging Growth Company

We qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As a result, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. For so long as we are an emerging growth company, we will not be required to:

- have an auditor report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- submit certain executive compensation matters to shareholder advisory votes, such as "say-on-pay" and "say-on-frequency;" and
- disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO's compensation to median employee compensation.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards.

In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

We will remain an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our total annual gross revenues exceed $1 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our shares of common stock that are held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter or (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three year period.

Results of Operations

Comparison of Three Months Ended March 31, 2019 and 2018

The following table sets forth key components of our results of operations during the three-month periods ended March 31, 2019 and 2018.

	Three Months Ended March 31,		Change	
	2019	2018	$	%
Sales	$ -	$ -	$ -	-
Cost of sales	-	-	-	-
Operating expenses	2,048,289	1,450,899	597,390	41.2%
Loss from operations	(2,048,289)	(1,450,899)	(597,390)	41.2%
Net non-operating income (expense)	(331,470)	(4,222)	(327,248)	7,751.0%
Loss before income taxes	(2,379,759)	(1,455,121)	(924,638)	63.5%
Income tax expense	3,233	4,062	(829)	20.4%
Net Loss	(2,382,992)	(1,459,183)	(923,809)	63.3%
Other comprehensive income (loss)	343,596	2,934	340,662	11,610.8%
Total comprehensive loss	$ (2,039,396)	$ (1,456,249)	$ (583,147)	40.0%

Revenue. Our total revenue was $0 and $0 for the three-month periods ended March 31, 2019 and 2018 as we are still developing our core business in in-flight entertainment and connectivity and there was no non-recurring sale of equipment to related parties during the periods

Cost of sales. Our cost of sales was $0 for both the three-month periods ended March 31, 2019 and 2018 as we did not have any sales during the periods.

Operating expenses. Our operating expenses consist primarily of compensation and benefits, professional advisor fees, research and development expenses, cost of promotion, business development, business travel, transportation costs, and other expenses incurred in connection with general operations. Our operating expenses increased by $597,390 to $2,048,289 for the three-month period ended March 31, 2019, from $1,450,899 for the three-month period ended March 31, 2018. Such increase was mainly due to an increase in research and development expense, payroll and related expenses and depreciation expense of $325,480, $143,288 and $118,531, respectively, which was offset by an decrease in consulting expense of $219,610 The decrease in consulting fee was mainly related to the decrease in fair value of warrants issued to our underwriter for the public offering and termination of one consulting agreement.

Net non-operating expense. We had $331,470 in net non-operating expense for the three-month period ended March 31, 2019, as compared to net non-operating expense of $4,222 for the three-month period ended March 31, 2018. Net non-operating expense in the three-month period ended Mach 31, 2019 represents loss on foreign exchange translation of $331,197, while net non-operating expense in the three-month period ended March 31, 2018 includes a foreign exchange translation loss of $3,022 and interest expense of $1,268.

Loss before income taxes. Our loss before income taxes decreased by $924,638 to $2,379,759 for the three-month period ended March 31, 2019, from a loss of $1,455,121 for the three-month period ended March 31, 2018, as a result of the factors described above.

Income tax expense. Income tax expense was $3,233 for the three-month period ended March 31, 2019, as compared to the income tax expense of $4,062 for the three-month period ended March 31, 2018.

Total comprehensive loss. As a result of the cumulative effect of the factors described above, our total comprehensive loss increased by $583,147 to $2,039,396 for the three-month period ended March 31, 2019, from $1,456,249 for the three-month period ended March 31, 2018.

Liquidity and Capital Resources

As of March 31, 2019, we had cash and cash equivalents of $78,248. To date, we have financed our operations primarily through cash proceeds from financing activities, including through our ongoing public offering, short-term borrowings and equity contributions by our stockholders.

The following table provides detailed information about our net cash flow:

Cash Flow

	Three Months Ended March 31,	
	2019	**2018**
Net cash used for operating activities	$ (534,882)	$ (367,556)
Net cash used for investing activity	(1,275)	(6,352)
Net cash provided by financing activity	182,500	407,707
Net increase (decrease) in cash and cash equivalents	(353,657)	33,799
Cash at beginning of year	88,309	21,504
Foreign currency translation effect on cash	343,596	2,934
Cash at end of year	$ 78,248	$ 58,237

Operating Activities

Net cash used for operating activities was $534,882 for the three months ended March 31, 2019, as compared to $367,556 for the three months ended March 31, 2018. In addition to the net loss of $2,382,992, the increase in net cash used for operating activities during the three-month period ended March 31, 2019 was mainly due to increase in inventory of $380,000, offset by the decrease in accounts receivable and temporary deposit – related party and decrease in accrued expense and other payable - others of $389,900, $100,067, 457,652 and $239,436, respectively. In addition to the net loss of $1,459,183, the increase in net cash used for operating activities during the three-month period ended March 31, 2018 was mainly due to increase in accrued expenses, other payable – related parties and other payable, and decrease in other payable related parties of $243,539, $217,183, $182,850 and $46,743, respectively, offset by the increase in net operating loss and other receivable of $1,459,183 and $14,901, respectively.

Investing Activities

Net cash used for investing activities for the three months ended March 31, 2019 was $1,275 as compared to $6,352 for the three months ended March 31, 2018. The net cash used for investing activities for the three months ended March 31, 2019 and 2018 was mainly for the purchase of property and equipment.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2019 and 2018 was $182,500 and $407,707, respectively. Net cash provided by financing activities for the three months ended March 31, 2019 were mainly attributable to net proceeds from the borrowing of short-term loans from affiliates in the amount of $182,500. Net cash provided by financing activities for the three months ended March 31, 2018 were mainly attributable to proceeds from the increase in subscribed capital and short-term loans from affiliates in the amount of $56,000 and $325,040, respectively, for the three months ended March 31, 2018.

On May 14, 2018, we entered into an underwriting agreement with Boustead Securities, LLC in connection with the public offering, issuance and sale of up to 1,411,765 shares of our common stock on a best efforts basis, with a minimum requirement of 117,647 shares, at the public offering price of $42.50 per share, less underwriting discounts, for minimum gross proceeds $5,000,000 and up to a maximum of $60,000,000. We also granted Boustead Securities, LLC an over-subscription option, exercisable on or prior to the offering termination date to extend the offering for an additional 45 days, pursuant to which we may sell up to 211,764 additional shares of the common stock at the public offering price, less underwriting discounts. The material terms of this offering are described in the prospectus, dated May 14, 2018, filed by us with the Securities and Exchange Commission, or the SEC, on May 14, 2018 pursuant to Rule 424(b) under the Securities Act. This offering is registered with the SEC pursuant to a Registration Statement on Form S-1, as amended and supplemented to date (File No. 333-222208), initially filed by us on December 20, 2017.

As of March 31, 2019, we held 11 closings of this offering, pursuant to which we issued and sold an aggregate of 1,024,980 shares of common stock for gross proceeds of approximately $43.56 million, or net proceeds of approximately $39.81 million after underwriting discounts, commissions and offering expenses payable by us. The offering period for this public offering expired on January 4, 2019 and we filed a post-effective amendment No. 2 with the SEC on April 23, 2019 to extend the public offering to attempt to raise the remaining $16.44 million that has not yet been sold. The post-effective amendment has not yet been approved by the SEC and we can make no guarantees that we will be able to sell any additional shares on our common stock in the public offering.

On May 9, 2019, two of our current shareholders (the “Lenders”) each committed to provide us a $10 million bridge loan (the “Loans”) for an aggregate principal amount of $20 million, to bridge our cash flow needs prior to our obtaining a mortgage loan to be secured by a parcel of land (the “Land”) we intend to purchase. The Land consists of approximately 6.36 acres of undeveloped land located at the Taishui Grottoes in the Xinyi District of Keelung City, Taiwan. Aerkomm Taiwan has contracted to purchase the Land for NT$1,056,297,507, or US$34,474,462, and we have made deposits totaling US$33,850,000 for this acquisition. We expect to pay the remaining balance of the purchase price, approximately US$624,462, and to complete the purchase of the Land following our completion of our public offering. The Loans will be secured by the Land with the initial closing date of the Loans to be a date, designated by us, within 30 days following the date that the title for the Land is fully transferred to and vested in our subsidiary, Aerkomm Taiwan. The Loans shall bear interest, non-compounding, at the Bank of America Prime Rate plus 1%, annually, calculated on the actual number of days the Loans are outstanding and based on a 365-day year and shall be due and payable upon the earlier of (1) the date of our (or our subsidiary, Aerkomm Taiwan) obtaining a mortgage loan secured by the Land with a principal amount of not less than $20 million and (2) one year following the initial closing date of the Loans. The Lenders also agreed to an earlier closing of up to 25% of the principal amounts of the Loans upon our request prior to the time that title to the Land is vested in our subsidiary, Aerkomm Taiwan, provided that we provide adequate evidence to the Lenders that the proceeds of such an earlier closing would be applied to pay our vendors. We, of course, cannot provide any assurances that we will be able to raise sufficient additional finds in our public offering to complete our acquisition of the Land or to obtain a mortgage on the Land if and when it is acquired.

On July 10, 2018, in conjunction with the Land acquisition, we entered into a binding letter of commitment with Metro Investment Group Limited, or MIGL, pursuant to which we agreed to pay MIGL an agent commission of four percent (4%) of the full purchase price of the Land, equivalent to approximately US$1,387,127, for MIGL’s services provided with respect to the acquisition. The commission must be paid to MIGL no later than 90 days following payment in full of the purchase price. If there is a delay in payment, we shall be responsible for punitive liquidated damages at the rate of one tenth of one percent (0.1%) of the commission per day of delay with a maximum cap to these damages of five percent (5%). Under applicable Taiwanese law, the commission is due and payable upon signing of the letter of commitment even if the contract is cancelled for any reason and the acquisition is not completed. We have recorded the estimated commission to the cost of land and will be paying the amount no later than 90 days following full payment of the purchase price. On May 9, 2019, we amended the binding letter of commitment with MIGL to extend the payment to be paid after the full payment of the Land acquisition price until no later than December 31, 2020.

With the $16.44 million to be raised in the remainder of our ongoing public offering (assuming we are successfully able to complete the public offering) and the $20 million in Loans committed to us by the Lenders, we believe our available working capital will be adequate to sustain our operations at our current levels for the next twelve months. However, even if we successfully raise sufficient capital to satisfy our needs over the next twelve months, following that period we will require additional cash resources for the implementation of our strategy to expand our business or for other investments or acquisitions we may decide to pursue. If our internal financial resources are insufficient to satisfy our capital requirements, we will need seek to sell additional equity or debt securities or obtain additional credit facilities, although there can be no assurances that we will be successful in these efforts. The sale of additional equity securities could result in dilution to our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that would restrict our operations. Financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to expand our business operations and could harm our overall business prospects.

The Company has not generated significant revenues, excluding non-recurring revenues from affiliates in the second quarter of fiscal 2018, and will incur additional expenses as a result of being a public reporting company. For the three-month period ended March 31, 2019, the Company incurred a comprehensive loss of $2,039,396 and had working capital deficiency of $2,892,780 as of March 31, 2019. Currently, the Company has taken measures, as discussed above, that management believes will improve its financial position by financing activities, including through our ongoing public offering, short-term borrowings and equity contributions.

Capital Expenditures

Our operations continue to require significant capital expenditures primarily for technology development, equipment and capacity expansion. Capital expenditures are associated with the supply of airborne equipment to our prospective airline partners, which correlates directly to the roll out and/or upgrade of service to our prospective airline partners' fleets. Capital spending is also associated with the expansion of our network, ground stations and data centers and includes design, permitting, network equipment and installation costs.

Capital expenditures for the three months ended March 31, 2019 and 2018 were $1,275 and $97,102, respectively.

We anticipate an increase in capital spending in our fiscal year ended December 31, 2019 and estimate that capital expenditures will range from $6 million to $60 million as we begin airborne equipment installations and continue to execute our expansion strategy.

Inflation

Inflation and changing prices have not had a material effect on our business and we do not expect that inflation or changing prices will materially affect our business in the foreseeable future. However, our management will closely monitor price changes in our industry and continually maintain effective cost control in operations.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity or capital expenditures or capital resources that is material to an investor in our securities.

Seasonality

Our operating results and operating cash flows historically have not been subject to significant seasonal variations. This pattern may change, however, as a result of new market opportunities or new product introductions.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires our management to make assumptions, estimates and judgments that affect the amounts reported, including the notes thereto, and related disclosures of commitments and contingencies, if any. We have identified certain accounting policies that are significant to the preparation of our financial statements. These accounting policies are important for an understanding of our financial condition and results of operation. Critical accounting policies are those that are most important to the portrayal of our financial condition and results of operations and require management's difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. We believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our financial statements:

Revenue Recognition. We recognize revenue when performance obligations identified under the terms of contracts with our customers are satisfied, which generally occurs upon the transfer of control in accordance with the contractual terms and conditions of the sale. Our major revenue for the three-month period ended March 31, 2019 was the development of a small cell server terminal which will be utilized in the construction of a satellite-based ground communication system networks. We also had minor revenue from providing installation and testing services of a satellite-based ground connectivity system. The majority of our revenue is recognized at a point in time when product is shipped or service is provided to the customer. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods, which includes estimates for variable consideration.

Inventories. Inventories are recorded at the lower of weighted-average cost or net realizable value. We assess the impact of changing technology on our inventory on hand and writes off inventories that are considered obsolete. Estimated losses on scrap and slow-moving items are recognized in the allowance for losses.

Research and Development Costs. Research and development costs are charged to operating expenses as incurred. For the three-month periods ended March 31, 2019 and 2018, we incurred approximately $416,231 and $90,750 of research and development costs, respectively.

Property and Equipment. Property and equipment are stated at cost less accumulated depreciation. When value impairment is determined, the related assets are stated at the lower of fair value or book value. Significant additions, renewals and betterments are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is computed by using the straight-line and double declining method over the following estimated service lives: computer equipment - 3 to 5 years, furniture and fixtures - 5 years, satellite equipment – 5 years, vehicles – 5 years and lease improvement – 5 years. Construction costs for on-flight entertainment equipment not yet in service are recorded under construction in progress. Upon sale or disposal of property and equipment, the related cost and accumulated depreciation are removed from the corresponding accounts, with any gain or loss credited or charged to income in the period of sale or disposal. We review the carrying amount of property and equipment for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We determined that there was no impairment loss for the three-month periods ended March 31, 2019 and 2018.

Goodwill and Purchased Intangible Assets. Goodwill represents the amount by which the total purchase price paid exceeded the estimated fair value of net assets acquired from acquisition of subsidiaries. We test goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. Purchased intangible assets with finite life are amortized on the straight-line basis over the estimated useful lives of respective assets. Purchased intangible assets with indefinite life are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Purchased intangible asset consists of satellite system software and is amortized over 10 years.

Fair Value of Financial Instruments. We utilize the three-level valuation hierarchy for the recognition and disclosure of fair value measurements. The categorization of assets and liabilities within this hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy consist of the following:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.

Level 3 - Inputs to the valuation methodology are unobservable inputs based upon management's best estimate of inputs market participants could use in pricing the asset or liability at the measurement date, including assumptions.

The carrying amounts of our cash, accounts receivable, other receivable, short-term loans, accounts payable, and other payable approximated their fair value due to the short-term nature of these financial instruments.

Translation Adjustments. If a foreign subsidiary's functional currency is the local currency, translation adjustments will result from the process of translating the subsidiary's financial statements into the reporting currency of our company. Such adjustments are accumulated and reported under other comprehensive income (loss) as a separate component of stockholder's equity.

Recent Accounting Pronouncements

Financial Instruments. In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which modifies the measurement of expected credit losses of certain financial instruments. ASU 2016-13 will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We are currently evaluating the impact of adopting ASU 2016-13 on our consolidated financial statements.

Intangibles. In January 2017, the FASB issued ASU No. 2017-04, “Intangibles - Goodwill and Other” (Topic 350): Simplifying the Test for Goodwill Impairment, which goodwill shall be tested at least annually for impairment at a level of reporting referred to as a reporting unit. ASU 2017-04 will be effective for annual periods beginning after December 15, 2019. We are currently evaluating the impact of adopting ASU 2017-04 on our consolidated financial statements.

Leases. In February 2016, the FASB issued ASU No. 2016-02, “Leases” (Topic 842), which modifies lease accounting for both lessees and lessors to increase transparency and comparability by recognizing lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and disclosing key information about leasing arrangements. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption is permitted. We are currently evaluating the timing of adoption and the impact of adopting ASU 2016-02 on our consolidated financial statements.

Income Statement. In February 2018, FASB issued ASU 2018-02, “Income Statement - Reporting Comprehensive Income” (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which required deferred tax liabilities and assets to be adjusted for the effect of a change in tax laws or rates with effect included in income from continuing operations in the reporting period that includes the enactment date of Tax Cut and Jobs Act. ASU 2018-02 will be effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. We are currently evaluating the timing of adoption and the impact of adopting ASU 2018-02 on our consolidated financial statements.

Stock Compensation. In June 2018, FASB issued ASU 2018-07, “Compensation-Stock Compensation” (Topic 718): Improvement of Nonemployee Share-Based Payment Accounting, which amends the accounting for nonemployee share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 will be effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within the fiscal year. We are currently evaluating the timing of adoption and the impact of adopting ASU 2018-07 on our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(e) of the Exchange Act, our management has carried out an evaluation, with the participation and under the supervision of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as of March 31, 2019.

Based upon, and as of the date of this evaluation, our chief executive officer and chief financial officer determined that, because of the material weaknesses described in Item 9A "Controls and Procedures" of our Transition Report on Form 10-KT filed on April 1, 2019 for the transition period from March 1, 2018 through December 31, 2018 and further referenced below, which we are still in the process of remediating as of March 31, 2019, our disclosure controls and procedures were not effective.

Changes in Internal Control Over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

During its evaluation of the effectiveness of our internal control over financial reporting as of March 31, 2019, our management identified the following material weaknesses:

- We do not have sufficient and skilled accounting personnel with an appropriate level of technical accounting knowledge and experience in the application of accounting principles generally accepted in the United States commensurate with our financial reporting requirements. To mitigate the current limited resources and limited employees, we rely heavily on the use of external legal and accounting professionals.

In order to cure the foregoing material weakness, we have taken or plan to take the following remediation measures:

- On November 5, 2018, we added a staff accountant with a CPA and technical accounting expertise to further support our current accounting personnel. As necessary, we will continue to engage consultants or outside accounting firms in order to ensure proper accounting for our consolidated financial statements.

We intend to complete the remediation of the material weakness discussed above as soon as practicable but we can give no assurance that we will be able to do so. Designing and implementing an effective disclosure controls and procedures is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to devote significant resources to maintain a financial reporting system that adequately satisfies our reporting obligations. The remedial measures that we have taken and intend to take may not fully address the material weakness that we have identified, and material weaknesses in our disclosure controls and procedures may be identified in the future. Should we discover such conditions, we intend to remediate them as soon as practicable. We are committed to taking appropriate steps for remediation, as needed.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other than in connection with the implementation of the remedial measures described above, there were no changes in our internal controls over financial reporting during quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There were no material developments during the quarter ended March 31, 2019 to the legal proceedings previously disclosed in Item 3 “Legal Proceedings” of our Transition Report on Form 10-KT filed on April 1, 2019.

ITEM 1A. RISK FACTORS.

For information regarding risk factors, please refer to our Transition Report on Form 10-KT for the period from March 31, 2018 through December 31, 2018 filed with the SEC on April 1, 2019.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

We have not sold any equity securities during the quarter ended March 31, 2019 that were not previously disclosed in a current report on Form 8-K that was filed during the quarter.

On December 21, 2018, we repurchased an aggregate of104,413 unvested shares of our restricted common stock for a purchase price of $0.0067 per share.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

We have no information to disclose that was required to be in a report on Form 8-K during the quarter ended March 31, 2019 but was not reported. There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors.

ITEM 6. EXHIBITS.

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated September 26, 2013, between Aerkomm Inc. and Maple Tree Kids LLC (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-1 filed on November 5, 2013)
2.2	Form of Share Exchange Agreement, dated February 13, 2017, among Aerkomm Inc., Aircom Pacific, Inc. and the shareholders of Aircom Pacific, Inc. (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K filed on February 14, 2017)
3.1	Restated Articles of Incorporation of the registrant (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K filed on May 4, 2017)
3.2	Certificate of Change Pursuant to NRS 78.209 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on January 16, 2019)
3.2	Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.2 to the Form 8A-12G filed on N, 2018)
4.1	Form of Underwriter Warrant (incorporated by reference to Exhibit 4.1 to Amendment No. 1 to Registration Statement on Form S-1/A filed on February 2, 2018)
10.1	General Terms Agreement between Aircom Pacific, Inc. and MJet GMBH dated March 6, 2019 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 22, 2019)
10.2	Loan Commitment by and between Aerkomm Inc. and the Lenders, dated May 9, 2019
10.2a	Loan Commitment Amendment by and between Aerkomm Inc. and the Lenders, dated May 10, 2019
10.3	Letter of Commitment No. 1 by and between Aerkomm Inc., Aerkomm Taiwan Inc. and Metro Investment Group Limited dated May 9, 2019.
31.1*	Certifications of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certifications of Principal Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 14, 2019

AERKOMM INC.

/s/ Jeffrey Wun
Name: Jeffrey Wun
Title: Chief Executive Officer
(Principal Executive Officer)

/s/ Y. Tristan Kuo
Name: Y. Tristan Kuo
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.2

Loan Commitment

May 9, 2019

The Lenders (as defined below) agree to make a short-term bridge loan to the Company (as defined below) based on the following terms:

Borrower:	Aerkomm Inc. ("the "Company"), a Nevada corporation.
Lenders:	Rising Development Co., Ltd. and Well Thrive Limited (each a "Lender", and collectively the "Lenders"). The Lenders are current shareholders of the Company and desire to make the Loan to bridge the Company's cash flow requirement prior to the Company or its subsidiary obtaining a mortgage loan to be secured by the Land (as defined below).
Principal Amount:	Each Lender commits to loan up to $10,000,000 to the Company, totaling $20,000,000 (the "Loan"). The Loan will be drawn down as required based on the Company's cash needs. Each draw will be funded 50/50 by each Lender.
Initial Closing Date:	The initial closing date of the Loan shall be at a date designated by the Company within 30 days following the date that the title of the Land is fully transferred to and vested in the Company's subsidiary Aerkomm Taiwan.
Land:	The Company has entered into a real estate sales contract relating to the acquisition by Aerkomm Taiwan (a wholly owned subsidiary of the Company) of a parcel of land located at the Taishui Grottoes in the Xinyi District of Keelung City, Taiwan, which parcel consists of approximately 6.36 acres of undeveloped land (the "Land").
Maturity:	All principal and interest under the Loan shall be due and payable upon the earlier of (1) the date the Company or its subsidiary obtained a mortgage loan secured by the Land with a principal amount of not less than $20,000,000 or (2) one year following the date of the Initial Closing Date.
Interest:	Bank of America Prime Rate plus 1%, calculated based on actual number of days over 365-day year; non-compounding.
Collateral:	The Loan shall be secured by the Land.
Definitive Agreements:	Prior to the Initial Closing Date, the parties shall enter into definitive agreements setting forth customary terms and conditions relating to the Loan and the security interest on the Land.
Use of Proceeds	The proceeds of the Loan will be used to fund marketing, legal, accounting and general working capital needs of the Company and its subsidiaries.
Expenses:	Each party shall bear its own fees, costs and expenses in connection with the negotiation and closing of the Loan.

Executed as of the date first written above:

COMPANY: AERKOMM INC.

By: *Jeffrey Wun*
Name: JEFFREY WUN
Title: CEO

LENDERS:
RISING DEVELOPMENT CO., LTD.

By: */s/ CHANG, CHI-HUNG* *(Corporate and personal seals)*
Name: CHANG, CHI-HUNG
Title: Chairman

WELL THRIVE LIMITED

By: */s/ CHANG, SHENG-CHUN* *(Corporate stamp)*
Name: CHANG, SHENG-CHUN
Title: Chairman

Amendment
to
Loan Commitment

May 10, 2019

Reference is made to that certain Loan Commitment dated May 9, 2019 (the "Commitment"), pursuant to which Rising Development Co., Ltd. and Well Thrive Limited (each, a "Lender", and collectively, the "Lenders") have committed to make a loan of up to $20,000,000 to Aerkomm, Inc. (the "Company"). Capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Commitment.

The Commitment provides that the Initial Closing Date shall be within 30 days following the date the title of the Land is vested in the Company's subsidiary Aerkomm Taiwan. Considering the fact that the Company may have cash requirement to pay its vendors in connection with its Aerkomm++ program prior to the time set for the initial closing under the Commitment, the Lenders hereby agree to an earlier closing of up to 25% of the Loan upon the Company request prior to the time the title of the Land is vested in the Company's subsidiary Aerkomm Taiwan, provided that the Company provide adequate evidence to the Lenders that the proceeds of the advance closing would be applied to pay the Company's vendors.

Executed as of the date first written above:

COMPANY: AERKOMM INC.

By: */s/ JEFFREY WUN*
Name: JEFFREY WUN
Title: CEO

LENDERS:
RISING DEVELOPMENT CO., LTD.

By: */s/ CHANG, CHI-HUNG* *(Corporate and personal seals)*
Name: CHANG, CHI-HUNG
Title: Chairman

WELL THRIVE LIMITED

By: */s/ CHANG, SHENG-CHUN* *(Corporate stamp)*
Name: CHANG, SHENG-CHUN
Title: Chairman

Exhibit 10.3

Letter of Commitment
Amendment No. 1

Promiser: Aerkomm Inc.
Aerkomm Taiwan Inc.

I. For the land located at No. 89-49 Dashuiku Section, Xinyi District, Keelung City (the area is 7,690.46 Pyeong, approximately 273,651 square feet, all parts thereof are held, the original land number is 89-18, and it is changed to 89-49 as a result of the reorganization by the land office, and the area and location remain unchanged), the landowner TSAI MING-YIN agrees to sign a real estate sales contract with the promiser in respect of the above subject property at a total price of NT$ (the same below) One Billion Five Thousand Six Hundred Twenty-nine Million Seven Thousand Five Hundred and Seven Dollars (NT$1,056,297,507, approximately US$34,712,373) through the agent Metro Investment Group Limited, and the Promiser agrees to pay the agent commission to Metro Investment Group Limited.

II. Terms of payment: If Metro Investment Group Limited smoothly facilitates the completion of the above real estate sales contract, the Promiser shall pay the agent a commission based on four percent (4%) of the full contract price (NT$1,056,297,507, approximately US$34,712,373), which equivalent to NT$42,252,900 (approximately US$1,388,528), to Metro Investment Group Limited.

III. Time of payment: Pay to Metro Investment Group Limited after the ull payment of the contract price by the Promiser and no later than December 31, 2020.

IV. In the event of any delay in payment, the Promiser shall pay an additional punitive liquidated damages of one tenth of one percent (0.1%) per day of the agent commission per day. The punitive liquidated damages shall be limited to 5% of the agent commission.

V. Jurisdiction: In the event of any lawsuit arising out of this Letter of Commitment, both parties agree to take Taiwan Taipei District Court as the court of first instance with jurisdiction.

Yours sincerely,

Metro Investment Group Limited

Promiser: Aerkomm Inc. *<u>/s/ Jeffrey Wun</u>*

Legal Representative: Jeffrey Wun, CEO

Aerkomm Taiwan Inc. */s/Aerkomm Taiwan Inc. (Corporate Seal)*

Legal Representative: HSU, CHIH-MING */s/ Hsu, Chih-Ming (Personal Seal)*

The 9th day of May, 2019

Exhibit 31.1

CERTIFICATIONS

I, Jeffrey Wun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aerkomm Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2019

/s/ Jeffrey Wun

Jeffrey Wun
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Y. Tristan Kuo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aerkomm Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2019

/s/ Y. Tristan Kuo

Y. Tristan Kuo
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Jeffrey Wun, the Chief Executive Officer of AERKOMM INC. (the “Company”), DOES HEREBY CERTIFY that:

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement this 14th day of May, 2019.

/s/ Jeffrey Wun
Jeffrey Wun
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Aerkomm Inc. and will be retained by Aerkomm Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Y. Tristan Kuo, the Chief Financial Officer of AERKOMM INC. (the “Company”), DOES HEREBY CERTIFY that:

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement this 14th day of May, 2019.

/s/ Y. Tristan Kuo
Y. Tristan Kuo
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Aerkomm Inc. and will be retained by Aerkomm Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.