

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of June 30, 2016 and 2015 are reviewed, not audited)

	Assets	Notes	June 30, 2016	December 31, 2015	June 30, 2015
	Current assets				
1100	Cash and cash equivalents	6(1)	\$ 2,090,567	\$ 2,349,599	\$ 1,814,918
1110	Financial assets at fair value through profit or loss - current	6(2)	42,171	437,429	144,290
1125	Available-for-sale financial assets - current	6(3)	4,027,886	3,969,736	4,492,457
1144	Financial assets carried at cost - current	6(4)	-	10,617	-
1150	Notes receivable, net		667,916	266,456	69,141
1170	Accounts receivable, net	6(5)	17,501,629	18,073,961	19,253,510
1180	Accounts receivable - related parties	7	207,123	329,439	173,468
1200	Other receivables		426,301	452,479	728,682
130X	Inventories, net	6(7)	8,534,974	9,413,581	9,097,508
1410	Prepayments		1,037,077	972,681	1,314,871
1470	Other current assets	8	154,948	141,818	827,864
11XX	Current Assets		<u>34,690,592</u>	<u>36,417,796</u>	<u>37,916,709</u>
	Non-current assets				
1523	Available-for-sale financial assets - noncurrent	6(3)	2,191,341	1,596,614	235,326
1543	Financial assets carried at cost - noncurrent	6(4)	997,544	917,494	1,337,500
1550	Investments accounted for under equity method	6(8)	909,503	999,597	1,070,013
1600	Property, plant and equipment, net	6(9)	15,398,854	15,461,482	14,186,288
1760	Investment property, net	6(10) and 8	2,273,510	1,968,855	1,838,337
1780	Intangible assets	6(11)	259,102	263,118	291,442
1840	Deferred income tax assets		109,909	112,560	186,508
1900	Other non-current assets	6(12) and 8	1,170,648	1,322,668	1,015,632
15XX	Non-current assets		<u>23,310,411</u>	<u>22,642,388</u>	<u>20,161,046</u>
1XXX	Total assets		<u>\$ 58,001,003</u>	<u>\$ 59,060,184</u>	<u>\$ 58,077,755</u>

(Continued)

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of June 30, 2016 and 2015 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2016	December 31, 2015	June 30, 2015
	Current liabilities				
2100	Short-term borrowings	6(13) and 8	\$ 4,164,292	\$ 2,473,216	\$ 6,412,652
2120	Financial liabilities at fair value through profit or loss - current	6(2)			
			307,462	107,399	105,484
2150	Notes payable		605	16,298	11,461
2170	Accounts payable	6(14)	15,088,821	18,588,195	14,484,063
2180	Accounts payable - related parties	7	511,682	500,250	304,852
2200	Other payables	6(20)	9,655,619	7,181,716	10,336,186
2230	Current income tax liabilities		939,084	1,082,321	1,041,280
2300	Other current liabilities		195,230	273,716	214,491
21XX	Current Liabilities		<u>30,862,795</u>	<u>30,223,111</u>	<u>32,910,469</u>
	Non-current liabilities				
2540	Long-term borrowings	6(15) and 8	2,631,183	2,389,694	2,673,665
2570	Deferred income tax liabilities		37,135	37,189	36,925
2600	Other non-current liabilities		206,954	205,673	180,648
25XX	Non-current liabilities		<u>2,875,272</u>	<u>2,632,556</u>	<u>2,891,238</u>
2XXX	Total Liabilities		<u>33,738,067</u>	<u>32,855,667</u>	<u>35,801,707</u>
	Equity attributable to owners of parent				
	Share capital	6(18)			
3110	Share capital - common stock		7,038,101	7,038,101	6,948,654
3150	Stock dividends to be distributed		410,191	-	455,743
	Capital surplus	6(19)			
3200	Capital surplus		4,268,829	4,090,426	3,688,101
	Retained earnings	6(20)			
3310	Legal reserve		3,861,939	3,477,140	3,477,140
3320	Special reserve		951,488	433,524	433,524
3350	Unappropriated retained earnings	6(28)	5,978,945	8,591,961	6,403,775
	Other equity interest	6(21)			
3400	Other equity interest	(	1,607,385)	(951,489)	(2,079,791)
3500	Treasury stocks	6(18) and 8	(311,277)	(311,277)	(311,277)
31XX	Equity attributable to owners of the parent		<u>20,590,831</u>	<u>22,368,386</u>	<u>19,015,869</u>
36XX	Non-controlling interest		<u>3,672,105</u>	<u>3,836,131</u>	<u>3,260,179</u>
3XXX	Total equity		<u>24,262,936</u>	<u>26,204,517</u>	<u>22,276,048</u>
	Significant contingent liabilities and unrecognised contract commitments	9			
	Significant events after the balance sheet date	11			
3X2X	Total liabilities and equity		<u>\$ 58,001,003</u>	<u>\$ 59,060,184</u>	<u>\$ 58,077,755</u>

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

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

	Items	Notes	Three months ended June 30		Six months ended June 30	
			2016	2015	2016	2015
4000	Sales revenue	6(22) and 7	\$ 18,259,020	\$ 20,260,552	\$ 34,887,830	\$ 38,263,902
5000	Operating costs	6(7)(16)(25)(26) and 7	(15,329,828)	(17,368,068)	(29,463,862)	(32,789,302)
5900	Net operating margin		<u>2,929,192</u>	<u>2,892,484</u>	<u>5,423,968</u>	<u>5,474,600</u>
	Operating expenses	6(16)(25)(26)				
6100	Selling expenses		(872,158)	(737,637)	(1,659,378)	(1,435,801)
6200	General and administrative expenses		(517,584)	(627,700)	(1,045,808)	(1,221,285)
6300	Research and development expenses		(560,063)	(560,723)	(1,103,457)	(1,091,357)
6000	Total operating expenses		<u>(1,949,805)</u>	<u>(1,926,060)</u>	<u>(3,808,643)</u>	<u>(3,748,443)</u>
6900	Operating profit		<u>979,387</u>	<u>966,424</u>	<u>1,615,325</u>	<u>1,726,157</u>
	Non-operating income and expenses					
7010	Other income	6(23)	288,696	317,214	535,844	399,344
7020	Other gains and losses	6(24)	(58,459)	165,060	(66,283)	260,839
7050	Finance costs	6(27)	(23,528)	(17,353)	(43,235)	(30,232)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(8)	(37,005)	(47,122)	(75,430)	(98,382)
7000	Total non-operating revenue and expenses		<u>169,704</u>	<u>417,799</u>	<u>350,896</u>	<u>531,569</u>
7900	Profit before income tax		<u>1,149,091</u>	<u>1,384,223</u>	<u>1,966,221</u>	<u>2,257,726</u>
7950	Income tax expense	6(28)	(170,194)	(185,893)	(358,168)	(371,975)
8200	Profit for the year		<u>\$ 978,897</u>	<u>\$ 1,198,330</u>	<u>\$ 1,608,053</u>	<u>\$ 1,885,751</u>
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation		(\$ 316,534)	(\$ 478,644)	(\$ 547,764)	(\$ 741,488)
8362	Other comprehensive loss, before tax, available-for-sale financial assets		81,363	(1,377,165)	(136,646)	(1,545,609)
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		(6,680)	(4,612)	(14,665)	(8,429)
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>(241,851)</u>	<u>(1,860,421)</u>	<u>(699,075)</u>	<u>(2,295,526)</u>
8300	Total other comprehensive income for the year		<u>(\$ 241,851)</u>	<u>(\$ 1,860,421)</u>	<u>(\$ 699,075)</u>	<u>(\$ 2,295,526)</u>
8500	Total comprehensive income for the year		<u>\$ 737,046</u>	<u>(\$ 662,091)</u>	<u>\$ 908,978</u>	<u>(\$ 409,775)</u>
	Profit, attributable to:					
8610	Owners of the parent		<u>\$ 828,387</u>	<u>\$ 1,034,743</u>	<u>\$ 1,351,321</u>	<u>\$ 1,636,986</u>
8620	Non-controlling interest		<u>\$ 150,510</u>	<u>\$ 163,587</u>	<u>\$ 256,732</u>	<u>\$ 248,765</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 585,609</u>	<u>(\$ 593,659)</u>	<u>\$ 695,425</u>	<u>(\$ 389,797)</u>
8720	Non-controlling interest		<u>\$ 151,437</u>	<u>(\$ 68,432)</u>	<u>\$ 213,553</u>	<u>(\$ 19,978)</u>
	Earnings per share	6(29)				
9750	Total basic earnings per share		<u>\$ 1.23</u>	<u>\$ 1.55</u>	<u>\$ 2.01</u>	<u>\$ 2.46</u>
9850	Total diluted earnings per share		<u>\$ 1.22</u>	<u>\$ 1.54</u>	<u>\$ 1.99</u>	<u>\$ 2.43</u>

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

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent											Non-controlling interest	Total equity
		Capital			Retained Earnings			Other equity interest			Total			
		Notes	Share capital - common stock	Stock dividends to be distributed	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets		Treasury stocks		
Year 2015														
Balance at January 1, 2015		\$ 6,948,654	\$ -	\$ 3,602,741	\$ 3,069,046	\$ 433,524	\$ 8,440,750	\$ 1,229,944	(\$ 1,282,930)	(\$ 311,277)	\$ 22,130,452	\$ 3,696,190	\$ 25,826,642	
Appropriation of 2014 earnings	6(20)													
Appropriation of legal reserve		-	-	-	408,094	-	(408,094)	-	-	-	-	-	-	
Distribution of stock dividends		-	34,743	-	-	-	(34,743)	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(3,231,124)	-	-	-	(3,231,124)	-	(3,231,124)	
Share-based payment transaction		-	421,000	-	-	-	-	-	-	-	421,000	-	421,000	
Profit for the period		-	-	-	-	-	1,636,986	-	-	-	1,636,986	248,765	1,885,751	
Other comprehensive loss for the period	6(21)	-	-	-	-	-	-	(627,000)	(1,399,783)	-	(2,026,783)	(268,743)	(2,295,526)	
Cash dividends paid to the subsidiaries		-	-	170,307	-	-	-	-	-	-	170,307	-	170,307	
Difference between proceeds from addition and disposal of subsidiary and book value		-	-	1	-	-	-	(25)	3	-	(21)	-	(21)	
Changes in ownership interests in subsidiaries		-	-	(84,948)	-	-	-	-	-	-	(84,948)	-	(84,948)	
Minority interest adjustment		-	-	-	-	-	-	-	-	-	-	(416,033)	(416,033)	
Balance at June 30, 2015		\$ 6,948,654	\$ 455,743	\$ 3,688,101	\$ 3,477,140	\$ 433,524	\$ 6,403,775	\$ 602,919	(\$ 2,682,710)	(\$ 311,277)	\$ 19,015,869	\$ 3,260,179	\$ 22,276,048	

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CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent											
		Capital			Retained Earnings			Other equity interest			Non-controlling interest	Total equity	
		Share capital - common stock	Stock dividends to be distributed	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks			Total
Notes													
Year 2016													
Balance at January 1, 2016		\$ 7,038,101	\$ -	\$ 4,090,426	\$ 3,477,140	\$ 433,524	\$ 8,591,961	\$ 1,404,049	(\$ 2,355,538)	(\$ 311,277)	\$ 22,368,386	\$ 3,836,131	\$ 26,204,517
Appropriation of 2015 earnings	6(20)												
Appropriation of legal reserve		-	-	-	384,799	-	(384,799)	-	-	-	-	-	-
Appropriation of special reserve		-	-	-	-	517,964	(517,964)	-	-	-	-	-	-
Distribution of stock dividends		-	35,191	-	-	-	(35,191)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(3,026,383)	-	-	-	(3,026,383)	-	(3,026,383)
Share-based payment transaction		-	375,000	-	-	-	-	-	-	-	375,000	-	375,000
Profit for the period		-	-	-	-	-	1,351,321	-	-	-	1,351,321	256,732	1,608,053
Other comprehensive loss for the period	6(21)	-	-	-	-	-	-	(506,096)	(149,800)	-	(655,896)	(43,179)	(699,075)
Cash dividends paid to the subsidiaries		-	-	158,276	-	-	-	-	-	-	158,276	-	158,276
Difference between proceeds from addition and disposal of subsidiary and book value		-	-	43	-	-	-	-	-	-	43	-	43
Changes in ownership interests in subsidiaries		-	-	20,084	-	-	-	-	-	-	20,084	-	20,084
Minority interest adjustment		-	-	-	-	-	-	-	-	-	-	(377,579)	(377,579)
Balance at June 30, 2016		<u>\$ 7,038,101</u>	<u>\$ 410,191</u>	<u>\$ 4,268,829</u>	<u>\$ 3,861,939</u>	<u>\$ 951,488</u>	<u>\$ 5,978,945</u>	<u>\$ 897,953</u>	<u>(\$ 2,505,338)</u>	<u>(\$ 311,277)</u>	<u>\$ 20,590,831</u>	<u>\$ 3,672,105</u>	<u>\$ 24,262,936</u>

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

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Six months ended June 30,	
	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,966,221	\$ 2,257,726
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(10)	1,041,991	995,033
Amortization	6(11)	36,448	42,266
Other non-current assets amortization		46,487	52,903
Long-term lease amortization	6(12)	3,394	5,937
Provision for allowance for uncollectible accounts		7,011	6,162
Interest expense	6(27)	43,235	30,232
Interest income	6(23)	(21,981)	(37,075)
Dividend income	6(23)	(160,292)	(195,590)
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(24)	409,131	122,763
Investment loss recognized under the equity method	6(8)	75,430	98,382
(Gain) loss on disposal of property, plant and equipment	6(24)	(6,274)	19,257
Loss on disposal of intangible assets		1,387	-
Gain on investments	6(24)	(229,938)	(136,726)
Impairment loss of non-financial assets	6(11)(24)	-	26,000
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		186,190	(37,393)
Notes receivable		(401,460)	(680)
Accounts receivable		565,321	(253,852)
Accounts receivable - related parties		122,316	67,817
Other receivables		121,215	(119,859)
Inventories		878,607	967,990
Prepayments		(64,396)	63,699
Other current assets		(15,055)	13,317
Changes in operating liabilities			
Notes payable		(15,693)	(19,880)
Accounts payable		(3,499,374)	(4,698,462)
Accounts payable - related parties		11,432	(120,452)
Other payables		(442,772)	230,770
Other current liabilities		(78,486)	55,109
Other non-current liabilities		1,281	1,313
Cash inflow (outflow) generated from operations		581,376	(563,293)
Interest received		22,152	28,464
Dividend received		60,084	5,014
Interest paid		(37,453)	(22,001)
Income tax paid		(490,522)	(462,382)
Net cash flows from (used in) operating activities		135,637	(1,014,198)

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CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

(UNAUDITED)

		Six months ended June 30,	
	Notes	2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of government grants		\$ 5,000	\$ 198,834
Increase in other current assets		-	(825,243)
Increase in available-for-sale financial assets		(2,227,447)	(2,430,024)
Proceeds from disposal of available-for-sale financial assets		1,668,074	1,823,042
Increase in financial assets carried at cost		(91,164)	(244,220)
Proceeds from disposal of financial assets carried at cost		7,263	3,150
Acquisition of property, plant and equipment	6(31)	(1,270,528)	(1,024,190)
Proceed from disposal of property, plant and equipment		92,146	229,995
Acquisition of investment property	6(10)	-	(1,893,763)
Acquisition of intangible assets	6(11)	(37,132)	(26,676)
Increase in other non-current assets		(339,240)	(176,830)
Cash flows from business combinations		-	(210,437)
Decrease (increase) in refundable deposits		182,027	(65,507)
Net cash flows used in investing activities		(2,011,001)	(4,641,869)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,691,076	4,313,732
Increase in long-term borrowings		100,000	4,262,565
Decrease in long-term borrowings		(80,000)	(2,499,960)
Changes in non-controlling interests		7,330	8,503
Net cash flows from financing activities		1,718,406	6,084,840
Effect of exchange rate changes on cash and cash equivalents		(102,074)	(594,551)
Net decrease in cash and cash equivalents		(259,032)	(165,778)
Cash and cash equivalents at beginning of period	6(1)	2,349,599	1,980,696
Cash and cash equivalents at end of period	6(1)	\$ 2,090,567	\$ 1,814,918

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