

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollar)

(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

	Assets	Notes	March 31, 2016	December 31, 2015	March 31, 2015
	Current assets				
1100	Cash and cash equivalents	6(1)	\$ 2,157,294	\$ 2,349,599	\$ 1,956,849
1110	Financial assets at fair value through profit or loss - current	6(2)	33,558	437,429	51,093
1125	Available-for-sale financial assets - current	6(3)	3,544,856	3,969,736	5,315,932
1144	Financial assets carried at cost - current	6(4)	8,664	10,617	-
1150	Notes receivable, net		449,690	266,456	26,285
1170	Accounts receivable, net	6(5)	15,987,338	18,073,961	16,127,470
1180	Accounts receivable - related parties	7	254,397	329,439	261,710
1200	Other receivables		660,969	452,479	448,240
130X	Inventories, net	6(7)	9,049,681	9,413,581	10,226,355
1410	Prepayments		986,262	972,681	1,329,801
1470	Other current assets	8	139,364	141,818	873,642
11XX	Current Assets		<u>33,272,073</u>	<u>36,417,796</u>	<u>36,617,377</u>
	Non-current assets				
1523	Available-for-sale financial assets - noncurrent	6(3)	1,796,067	1,596,614	338,671
1543	Financial assets carried at cost - noncurrent	6(4)	966,395	917,494	1,097,204
1550	Investments accounted for under equity method	6(8)	953,187	999,597	1,121,746
1600	Property, plant and equipment, net	6(9)	15,551,461	15,461,482	14,073,132
1760	Investment property, net	6(10) and 8	2,064,045	1,968,855	1,893,084
1780	Intangible assets	6(11)	250,884	263,118	238,583
1840	Deferred income tax assets		111,841	112,560	193,029
1900	Other non-current assets	6(12) and 8	1,319,000	1,322,668	1,038,746
15XX	Non-current assets		<u>23,012,980</u>	<u>22,642,388</u>	<u>19,994,195</u>
1XXX	Total assets		<u>\$ 56,285,053</u>	<u>\$ 59,060,184</u>	<u>\$ 56,611,572</u>

(Continued)

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollar)

(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2016	December 31, 2015	March 31, 2015
	Current liabilities				
2100	Short-term borrowings	6(13) and 8	\$ 3,743,981	\$ 2,473,216	\$ 3,916,704
2120	Financial liabilities at fair value through profit or loss - current	6(2)	386,128	107,399	51,107
2150	Notes payable		2,350	16,298	6,994
2170	Accounts payable	6(14)	15,017,398	18,588,195	15,147,110
2180	Accounts payable - related parties	7	488,263	500,250	309,115
2200	Other payables		6,397,673	7,181,716	6,533,717
2230	Current income tax liabilities		979,831	1,082,321	1,091,927
2300	Other current liabilities	6(15)	146,178	273,716	543,015
21XX	Current Liabilities		<u>27,161,802</u>	<u>30,223,111</u>	<u>27,599,689</u>
	Non-current liabilities				
2540	Long-term borrowings	6(15) and 8	2,480,877	2,389,694	2,704,968
2570	Deferred income tax liabilities		37,125	37,189	36,969
2600	Other non-current liabilities		200,582	205,673	180,629
25XX	Non-current liabilities		<u>2,718,584</u>	<u>2,632,556</u>	<u>2,922,566</u>
2XXX	Total Liabilities		<u>29,880,386</u>	<u>32,855,667</u>	<u>30,522,255</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
	Capital surplus	6(19)			
3200	Capital surplus		4,088,222	4,090,426	3,602,741
	Retained earnings	6(20)			
3310	Legal reserve		3,477,140	3,477,140	3,069,046
3320	Special reserve		433,524	433,524	433,524
3350	Unappropriated retained earnings	6(28)	9,114,895	8,591,961	9,042,993
	Other equity interest	6(21)			
3400	Other equity interest	(	1,364,607)	(951,489)	(451,367)
3500	Treasury stocks	6(18) and 8	(311,277)	(311,277)	(311,277)
31XX	Equity attributable to owners of the parent		<u>22,475,998</u>	<u>22,368,386</u>	<u>22,334,314</u>
36XX	Non-controlling interest		<u>3,928,669</u>	<u>3,836,131</u>	<u>3,755,003</u>
3XXX	Total equity		<u>26,404,667</u>	<u>26,204,517</u>	<u>26,089,317</u>
	Significant contingent liabilities and unrecognised contract commitments	9			
3X2X	Total liabilities and equity		<u>\$ 56,285,053</u>	<u>\$ 59,060,184</u>	<u>\$ 56,611,572</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)

		Three months ended March 31	
Items	Notes	2016	2015
4000	Sales revenue	\$ 16,628,810	\$ 18,003,350
5000	Operating costs	(14,134,034)	(15,421,234)
5900	Net operating margin	2,494,776	2,582,116
	Operating expenses		
6100	Selling expenses	(787,220)	(698,417)
6200	General and administrative expenses	(528,224)	(593,585)
6300	Research and development expenses	(543,394)	(530,634)
6000	Total operating expenses	(1,858,838)	(1,822,636)
6900	Operating profit	635,938	759,480
	Non-operating income and expenses		
7010	Other income	247,148	82,130
7020	Other gains and losses	(7,824)	96,032
7050	Finance costs	(19,707)	(12,879)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	(38,425)	(51,260)
7000	Total non-operating revenue and expenses	181,192	114,023
7900	Profit before income tax	817,130	873,503
7950	Income tax expense	(187,974)	(186,082)
8200	Profit for the year	\$ 629,156	\$ 687,421
	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	(\$ 231,230)	(\$ 262,844)
8362	Other comprehensive loss, before tax, available-for-sale financial assets	(218,009)	(168,444)
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method	(7,985)	(3,817)
8360	Components of other comprehensive income that will be reclassified to profit or loss	(457,224)	(435,105)
8300	Total other comprehensive income for the year	(\$ 457,224)	(\$ 435,105)
8500	Total comprehensive income for the year	\$ 171,932	\$ 252,316
	Profit, attributable to:		
8610	Owners of the parent	\$ 522,934	\$ 602,243
8620	Non-controlling interest	\$ 106,222	\$ 85,178
	Comprehensive income attributable to:		
8710	Owners of the parent	\$ 109,816	\$ 203,862
8720	Non-controlling interest	\$ 62,116	\$ 48,454
	Earnings per share		
9750	Total basic earnings per share	\$ 0.78	\$ 0.91
9850	Total diluted earnings per share	\$ 0.77	\$ 0.90

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 THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Equity attributable to owners of the parent											
Notes	Retained Earnings					Other equity interest		Treasury stocks	Total	Non-controlling interest	Total equity
	Share capital - common stock	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				
<u>Year 2015</u>											
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
Profit for the period	-	-	-	-	602,243	-	-	-	602,243	85,178	687,421
Other comprehensive loss for the period	6(21)	-	-	-	-	(258,478)	(139,903)	-	(398,381)	(36,724)	(435,105)
Minority interest adjustment		-	-	-	-	-	-	-	-	10,359	10,359
Balance at March 31, 2015	<u>\$ 6,948,654</u>	<u>\$ 3,602,741</u>	<u>\$ 3,069,046</u>	<u>\$ 433,524</u>	<u>\$ 9,042,993</u>	<u>\$ 971,466</u>	<u>(\$ 1,422,833)</u>	<u>(\$ 311,277)</u>	<u>\$ 22,334,314</u>	<u>\$ 3,755,003</u>	<u>\$ 26,089,317</u>
<u>Year 2016</u>											
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
Profit for the period	-	-	-	-	522,934	-	-	-	522,934	106,222	629,156
Other comprehensive loss for the period	6(21)	-	-	-	-	(231,184)	(181,934)	-	(413,118)	(44,106)	(457,224)
Changes in ownership interests in subsidiaries	6(19)	-	(2,204)	-	-	-	-	-	(2,204)	-	(2,204)
Minority interest adjustment		-	-	-	-	-	-	-	-	30,422	30,422
Balance at March 31, 2016	<u>\$ 7,038,101</u>	<u>\$ 4,088,222</u>	<u>\$ 3,477,140</u>	<u>\$ 433,524</u>	<u>\$ 9,114,895</u>	<u>\$ 1,172,865</u>	<u>(\$ 2,537,472)</u>	<u>(\$ 311,277)</u>	<u>\$ 22,475,998</u>	<u>\$ 3,928,669</u>	<u>\$ 26,404,667</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)

	Notes	Three months ended March 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 817,130	\$ 873,503
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)	535,718	499,006
Amortization	6(11)	17,755	20,977
Other non-current assets amortization		22,495	18,756
Long-term lease amortization	6(12)	1,485	2,992
Provision for (reversal of) allowance for uncollectible accounts		6,834	(253)
Interest expense	6(27)	19,707	12,879
Share-based payments		28,218	-
Interest income	6(23)	(8,099)	(11,283)
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(24)	431,399	82,029
Investment loss recognized under the equity method		38,425	51,260
(Gain) loss on disposal of property, plant and equipment	6(24)	(981)	2,210
Loss on disposal of intangible assets		1,389	-
Gain on investments	6(24)	(185,064)	(49,336)
Impairment loss of non-financial assets	6(11)(24)	-	13,000
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		251,201	42,160
Notes receivable		(183,234)	(10,286)
Accounts receivable		2,079,789	2,786,778
Accounts receivable - related parties		75,042	(20,425)
Other receivables		126,982	(19,287)
Inventories		363,900	(207,653)
Prepayments		(13,581)	46,820
Other current assets		(318)	(14,565)
Changes in operating liabilities			
Notes payable		(13,948)	(24,347)
Accounts payable		(3,570,797)	(3,968,033)
Accounts payable - related parties		(11,987)	(116,189)
Other payables		(772,610)	(389,100)
Other current liabilities		(127,538)	(20,737)
Other non-current liabilities		(5,091)	1,294
Cash outflow generated from operations		(75,779)	(397,830)
Interest received		8,002	11,246
Dividend received		112	-
Interest paid		(14,611)	(13,415)
Income tax paid		(289,809)	(228,405)
Net cash flows used in operating activities		(372,085)	(628,404)

(Continued)

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

	Notes	Three months ended March 31,	
		2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of government grants		\$ 4,970	\$ 201,860
Increase in other current assets		-	(831,191)
Increase in available-for-sale financial assets		(1,098,950)	(944,773)
Proceeds from disposal of available-for-sale financial assets		930,843	662,554
Increase in financial assets carried at cost		(53,810)	-
Proceeds from disposal of financial assets carried at cost		1,849	-
Acquisition of property, plant and equipment	6(30)	(522,448)	(499,840)
Proceed from disposal of property, plant and equipment		9,994	109,191
Acquisition of investment property	6(10)	-	(1,893,763)
Acquisition of intangible assets	6(11)	(8,492)	(27,956)
Increase in other non-current assets		(377,101)	(38,823)
Decrease in refundable deposits		102,396	7,036
Net cash flows used in investing activities		(1,013,749)	(3,255,705)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,270,765	1,817,784
Increase in long-term borrowings		100,000	2,200,873
Decrease in long-term borrowings		(80,000)	-
Changes in non-controlling interests		-	10,359
Net cash flows from financing activities		1,290,765	4,029,016
Effect of exchange rate changes on cash and cash equivalents		(97,236)	(168,754)
Net decrease in cash and cash equivalents		(192,305)	(23,847)
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)	<u>\$ 2,157,294</u>	<u>\$ 1,956,849</u>

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