

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

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

	Assets	Notes	September 30, 2016	December 31, 2015	September 30, 2015
	Current assets				
1100	Cash and cash equivalents	6(1)	\$ 3,037,407	\$ 2,349,599	\$ 2,967,872
1110	Financial assets at fair value through profit or loss - current	6(2)	44,206	437,429	637,604
1125	Available-for-sale financial assets - current	6(3)	4,218,821	3,969,736	4,323,587
1144	Financial assets carried at cost - current	6(4)	-	10,617	10,942
1150	Notes receivable, net		642,283	266,456	107,844
1170	Accounts receivable, net	6(5)	19,187,242	18,073,961	20,815,230
1180	Accounts receivable - related parties	7	264,283	329,439	301,633
1200	Other receivables		397,618	452,479	410,770
130X	Inventories, net	6(7)	9,869,498	9,413,581	10,018,031
1410	Prepayments		1,135,922	972,681	1,278,420
1470	Other current assets	8	142,143	141,818	107,749
11XX	Current Assets		<u>38,939,423</u>	<u>36,417,796</u>	<u>40,979,682</u>
	Non-current assets				
1523	Available-for-sale financial assets - noncurrent	6(3)	2,067,981	1,596,614	186,515
1543	Financial assets carried at cost - noncurrent	6(4)	1,064,640	917,494	1,404,774
1550	Investments accounted for under equity method	6(8)	865,240	999,597	1,035,068
1600	Property, plant and equipment, net	6(9)	15,296,775	15,461,482	14,874,924
1760	Investment property, net	6(10) and 8	2,223,572	1,968,855	1,977,064
1780	Intangible assets	6(11)	261,199	263,118	279,439
1840	Deferred income tax assets		107,550	112,560	190,812
1900	Other non-current assets	6(12) and 8	1,049,700	1,322,668	1,994,702
15XX	Non-current assets		<u>22,936,657</u>	<u>22,642,388</u>	<u>21,943,298</u>
1XXX	Total assets		<u>\$ 61,876,080</u>	<u>\$ 59,060,184</u>	<u>\$ 62,922,980</u>

(Continued)

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

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

	Liabilities and Equity	Notes	September 30, 2016	December 31, 2015	September 30, 2015
	Current liabilities				
2100	Short-term borrowings	6(13) and 8	\$ 3,727,759	\$ 2,473,216	\$ 6,030,909
2110	Short-term notes and bills payable		250,000	-	300,000
2120	Financial liabilities at fair value through profit or loss - current	6(2)	751,357	107,399	74,239
2150	Notes payable		18,012	16,298	4,514
2170	Accounts payable	6(14)	19,890,855	18,588,195	19,544,302
2180	Accounts payable - related parties	7	480,423	500,250	443,036
2200	Other payables		6,590,099	7,181,716	7,724,961
2230	Current income tax liabilities		742,371	1,082,321	1,112,143
2300	Other current liabilities		251,790	273,716	165,606
21XX	Current Liabilities		<u>32,702,666</u>	<u>30,223,111</u>	<u>35,399,710</u>
	Non-current liabilities				
2540	Long-term borrowings	6(15) and 8	2,523,079	2,389,694	2,782,305
2570	Deferred income tax liabilities		37,043	37,189	37,120
2600	Other non-current liabilities		206,663	205,673	174,784
25XX	Non-current liabilities		<u>2,766,785</u>	<u>2,632,556</u>	<u>2,994,209</u>
2XXX	Total Liabilities		<u>35,469,451</u>	<u>32,855,667</u>	<u>38,393,919</u>
	Equity attributable to owners of parent				
	Share capital	6(18)			
3110	Share capital - common stock		7,120,820	7,038,101	7,038,101
	Capital surplus	6(19)			
3200	Capital surplus		4,649,716	4,090,426	4,094,127
	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)	6,752,133	8,591,961	7,234,305
	Other equity interest	6(21)			
3400	Other equity interest	(	794,040)	(951,489)	(849,163)
3500	Treasury stocks	6(18) and 8	(311,277)	(311,277)	(311,277)
31XX	Equity attributable to owners of the parent		<u>22,230,779</u>	<u>22,368,386</u>	<u>21,116,757</u>
36XX	Non-controlling interest		<u>4,175,850</u>	<u>3,836,131</u>	<u>3,412,304</u>
3XXX	Total equity		<u>26,406,629</u>	<u>26,204,517</u>	<u>24,529,061</u>
	Significant contingent liabilities and unrecognised contract commitments	9			
	Significant events after the balance sheet date	11			
3X2X	Total liabilities and equity		<u>\$ 61,876,080</u>	<u>\$ 59,060,184</u>	<u>\$ 62,922,980</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 September 30		Nine months ended September 30	
			2016	2015	2016	2015
4000	Sales revenue	6(22) and 7	\$ 20,973,216	\$ 21,031,726	\$ 55,861,046	\$ 59,295,628
5000	Operating costs	6(7)(16)(25)(26) and 7	(17,000,588)	(17,724,717)	(46,464,450)	(50,514,019)
5900	Net operating margin		<u>3,972,628</u>	<u>3,307,009</u>	<u>9,396,596</u>	<u>8,781,609</u>
	Operating expenses	6(16)(25)(26)				
6100	Selling expenses		(816,938)	(818,720)	(2,476,316)	(2,254,521)
6200	General and administrative expenses		(630,440)	(639,156)	(1,676,248)	(1,860,441)
6300	Research and development expenses		(568,324)	(618,267)	(1,671,781)	(1,709,624)
6000	Total operating expenses		<u>(2,015,702)</u>	<u>(2,076,143)</u>	<u>(5,824,345)</u>	<u>(5,824,586)</u>
6900	Operating profit		<u>1,956,926</u>	<u>1,230,866</u>	<u>3,572,251</u>	<u>2,957,023</u>
	Non-operating income and expenses					
7010	Other income	6(23)	134,112	156,867	669,956	556,211
7020	Other gains and losses	6(24)	(1,219,187)	(111,825)	(1,285,470)	(149,014)
7050	Finance costs	6(27)	(22,938)	(22,000)	(66,173)	(52,232)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(8)	(37,508)	(38,272)	(112,938)	(136,654)
7000	Total non-operating revenue and expenses		<u>(1,145,521)</u>	<u>(15,230)</u>	<u>(794,625)</u>	<u>(516,339)</u>
7900	Profit before income tax		811,405	1,215,636	2,777,626	3,473,362
7950	Income tax (expense) benefit	6(28)	38,597	(231,526)	319,571	(603,501)
8200	Profit for the year		<u>\$ 850,002</u>	<u>\$ 984,110</u>	<u>\$ 2,458,055</u>	<u>\$ 2,869,861</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		(\$ 879,404)	\$ 1,563,231	(\$ 1,427,168)	\$ 821,743
8362	Other comprehensive loss, before tax, available-for-sale financial assets		1,983,592	(224,583)	1,846,946	(1,770,192)
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		(6,822)	3,328	(21,487)	(5,101)
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>1,097,366</u>	<u>1,341,976</u>	<u>398,291</u>	<u>(953,550)</u>
8300	Total other comprehensive income for the year		<u>\$ 1,097,366</u>	<u>\$ 1,341,976</u>	<u>\$ 398,291</u>	<u>(\$ 953,550)</u>
8500	Total comprehensive income for the year		<u>\$ 1,947,368</u>	<u>\$ 2,326,086</u>	<u>\$ 2,856,346</u>	<u>\$ 1,916,311</u>
	Profit, attributable to:					
8610	Owners of the parent		<u>\$ 773,188</u>	<u>\$ 830,530</u>	<u>\$ 2,124,509</u>	<u>\$ 2,467,516</u>
8620	Non-controlling interest		<u>\$ 76,814</u>	<u>\$ 153,580</u>	<u>\$ 333,546</u>	<u>\$ 402,345</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 1,586,533</u>	<u>\$ 2,061,136</u>	<u>\$ 2,281,958</u>	<u>\$ 1,671,339</u>
8720	Non-controlling interest		<u>\$ 360,835</u>	<u>\$ 264,950</u>	<u>\$ 574,388</u>	<u>\$ 244,972</u>
	Earnings per share	6(29)				
9750	Total basic earnings per share		<u>\$ 1.15</u>	<u>\$ 1.25</u>	<u>\$ 3.15</u>	<u>\$ 3.70</u>
9850	Total diluted earnings per share		<u>\$ 1.14</u>	<u>\$ 1.23</u>	<u>\$ 3.13</u>	<u>\$ 3.65</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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Equity attributable to owners of the parent												

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)

		Nine months ended September 30,	
	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,777,626	\$ 3,473,362
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)	1,539,381	1,503,317
Amortization	6(11)	56,965	66,044
Other non-current assets amortization		72,183	83,093
Long-term lease amortization	6(12)	6,095	8,929
Provision for allowance for collectible accounts		8,330	295
Interest expense	6(27)	66,173	52,232
Interest income	6(23)	(29,696)	(58,871)
Dividend income	6(23)	(190,681)	(226,740)
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(24)	980,624	(550,063)
Investment loss recognized under the equity method	6(8)	112,937	136,654
(Gain) loss on disposal of property, plant and equipment	6(24)	(9,857)	119,276
Loss on disposal of intangible assets		1,385	2,038
Gain on investments	6(24)	(676,997)	(88,846)
Impairment loss of financial assets	6(24)	1,467,762	-
Impairment loss of non-financial assets	6(11)(24)	-	39,000
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		56,557	110,874
Notes receivable	(	37,587)	(39,383)
Accounts receivable	(	1,459,851)	(1,809,705)
Accounts receivable - related parties		65,156	(60,348)
Other receivables		102,320	(1,233)
Inventories	(	455,917)	47,467
Prepayments	(	163,241)	100,150
Other current assets	(	6,323)	13,160
Changes in operating liabilities			
Notes payable		1,714	(26,827)
Accounts payable		1,302,660	361,777
Accounts payable - related parties	(	19,827)	17,732
Other payables	(	191,856)	1,072,728
Other current liabilities	(	21,926)	6,224
Other non-current liabilities		990	(4,551)
Cash inflow generated from operations		5,355,099	4,347,785
Interest received		29,664	58,970
Dividend received		183,030	226,740
Interest paid	(	66,720)	(46,014)
Income tax paid	(	654,657)	(623,240)
Net cash flows from operating activities		4,846,416	3,964,241

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

(UNAUDITED)

	Notes	Nine months ended September 30,	
		2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of government grants		\$ 5,000	\$ 198,834
Increase in other current assets		(397)	(93,023)
Increase in available-for-sale financial assets		(2,609,051)	(3,006,178)
Proceeds from disposal of available-for-sale financial assets		2,862,584	2,393,600
Increase in financial assets carried at cost		(165,616)	(321,835)
Proceeds from disposal of financial assets carried at cost		7,263	3,150
Acquisition of property, plant and equipment	6(31)	(1,855,562)	(1,720,419)
Proceed from disposal of property, plant and equipment		108,402	174,784
Acquisition of investment property	6(10)	-	(1,893,763)
Acquisition of intangible assets	6(11)	(49,261)	(41,524)
Increase in other non-current assets		(237,132)	(1,197,793)
Cash flows from business combinations		-	(210,437)
Decrease (increase) in refundable deposits		<u>182,637</u>	<u>(149,012)</u>
Net cash flows used in investing activities		<u>(1,751,133)</u>	<u>(5,863,616)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,254,543	3,931,989
Increase in short-term notes and bills payable		250,000	300,000
Increase in long-term borrowings		107,782	5,634,030
Decrease in long-term borrowings		(160,000)	(3,762,785)
Changes in non-controlling interests		(431,045)	(422,415)
Payment of cash dividends		<u>(2,868,107)</u>	<u>(3,060,817)</u>
Net cash flows (used in) from financing activities		<u>(1,846,827)</u>	<u>2,620,002</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(560,648)</u>	<u>266,549</u>
Net increase in cash and cash equivalents		687,808	987,176
Cash and cash equivalents at beginning of period	6(1)	<u>2,349,599</u>	<u>1,980,696</u>
Cash and cash equivalents at end of period	6(1)	\$ 3,037,407	\$ 2,967,872

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