

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of June 30, 2017 and 2016 are reviewed, not audited)

Assets		Notes	June 30, 2017	December 31, 2016	(adjusted) June 30, 2016	(adjusted) January 1, 2016
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,611,406	\$ 3,076,607	\$ 2,090,567	\$ 2,349,599
1110	Financial assets at fair value through profit or loss - current	6(2)	149,205	237,458	42,171	437,429
1125	Available-for-sale financial assets - current	6(3)	5,414,421	4,321,515	4,027,886	3,969,736
1144	Financial assets carried at cost - current		-	-	-	10,617
1150	Notes receivable, net		700,200	667,235	667,916	266,456
1170	Accounts receivable, net	6(5)	18,031,034	18,890,909	17,501,629	18,073,961
1180	Accounts receivable - related parties	7	183,641	473,676	207,123	329,439
1200	Other receivables		441,942	446,761	426,301	452,479
130X	Inventories, net	6(7)	9,883,967	10,294,196	8,534,974	9,413,581
1410	Prepayments		1,289,311	1,248,502	1,037,077	972,681
1470	Other current assets		28,576	165,633	154,948	141,818
11XX	Current Assets		<u>38,733,703</u>	<u>39,822,492</u>	<u>34,690,592</u>	<u>36,417,796</u>
Non-current assets						
1523	Available-for-sale financial assets - noncurrent	6(3)	1,183,422	1,388,312	2,191,341	1,596,614
1543	Financial assets carried at cost - noncurrent	6(4)	2,081,897	1,836,330	997,544	917,494
1550	Investments accounted for under equity method	6(8)	1,042,182	837,950	909,503	999,597
1600	Property, plant and equipment, net	6(9)	13,137,291	13,495,266	15,398,854	15,461,482
1760	Investment property, net	6(10)	5,503,951	5,547,494	2,154,636	1,855,650
1780	Intangible assets	6(11)	255,972	255,143	259,102	263,118
1840	Deferred income tax assets		144,820	147,971	136,750	135,676
1900	Other non-current assets	6(12)	1,129,788	966,818	1,170,648	1,322,668
15XX	Non-current assets		<u>24,479,323</u>	<u>24,475,284</u>	<u>23,218,378</u>	<u>22,552,299</u>
1XXX	Total assets		<u>\$ 63,213,026</u>	<u>\$ 64,297,776</u>	<u>\$ 57,908,970</u>	<u>\$ 58,970,095</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, 2017 and 2016 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2017	December 31, 2016	(adjusted) June 30, 2016	(adjusted) January 1, 2016
	Current liabilities					
2100	Short-term borrowings	6(13)	\$ 4,732,495	\$ 2,101,177	\$ 4,164,292	\$ 2,473,216
2120	Financial liabilities at fair value through profit or loss - current	6(2)	564,303	93,327	307,462	107,399
2150	Notes payable		169	6,819	605	16,298
2170	Accounts payable	6(14)	16,179,927	20,182,530	15,088,821	18,588,195
2180	Accounts payable - related parties	7	478,914	605,394	511,682	500,250
2200	Other payables	6(15)	10,873,492	8,481,776	9,655,619	7,181,716
2230	Current income tax liabilities		1,191,512	1,329,482	939,084	1,082,321
2300	Other current liabilities	6(16)	650,798	264,263	195,230	273,716
21XX	Current Liabilities		<u>34,671,610</u>	<u>33,064,768</u>	<u>30,862,795</u>	<u>30,223,111</u>
	Non-current liabilities					
2540	Long-term borrowings	6(16)	1,834,977	2,352,377	2,631,183	2,389,694
2570	Deferred income tax liabilities		121,739	121,917	37,135	37,189
2600	Other non-current liabilities		231,562	233,781	206,954	205,673
25XX	Non-current liabilities		<u>2,188,278</u>	<u>2,708,075</u>	<u>2,875,272</u>	<u>2,632,556</u>
2XXX	Total Liabilities		<u>36,859,888</u>	<u>35,772,843</u>	<u>33,738,067</u>	<u>32,855,667</u>
	Equity attributable to owners of parent					
	Share capital	6(19)				
3110	Share capital - common stock		7,170,339	7,120,820	7,038,101	7,038,101
3150	Stock dividends to be distributed		35,712	-	410,191	-
	Capital surplus	6(20)				
3200	Capital surplus		5,203,670	4,629,152	4,268,829	4,090,426
	Retained earnings	6(21)				
3310	Legal reserve		4,215,046	3,861,939	3,861,939	3,477,140
3320	Special reserve		433,524	951,488	951,488	433,524
3350	Unappropriated retained earnings	6(29)	6,633,234	8,049,113	5,907,902	8,505,468
	Other equity interest	6(22)				
3400	Other equity interest		(1,040,967)	63,660	(1,628,375)	(955,085)
3500	Treasury stocks	6(19)	(517,165)	(517,165)	(311,277)	(311,277)
31XX	Equity attributable to owners of the parent		<u>22,133,393</u>	<u>24,159,007</u>	<u>20,498,798</u>	<u>22,278,297</u>
36XX	Non-controlling interest	4(3)	<u>4,219,745</u>	<u>4,365,926</u>	<u>3,672,105</u>	<u>3,836,131</u>
3XXX	Total equity		<u>26,353,138</u>	<u>28,524,933</u>	<u>24,170,903</u>	<u>26,114,428</u>
	Significant contingent liabilities and unrecognised contract commitments					
	Significant events after the balance sheet date					
3X2X	Total liabilities and equity		<u>\$ 63,213,026</u>	<u>\$ 64,297,776</u>	<u>\$ 57,908,970</u>	<u>\$ 58,970,095</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, earnings per share amounts)
(UNAUDITED)

	Items	Notes	Three months ended June 30		Six months ended June 30	
			2017	2016 (adjusted)	2017	2016 (adjusted)
4000	Sales revenue	6(23) and 7	\$ 18,669,372	\$ 18,259,020	\$ 35,611,385	\$ 34,887,830
5000	Operating costs	6(7)(26)(27) and 7	(15,465,295)	(15,329,828)	(29,541,746)	(29,463,862)
5900	Net operating margin		<u>3,204,077</u>	<u>2,929,192</u>	<u>6,069,639</u>	<u>5,423,968</u>
	Operating expenses	6(26)(27)				
6100	Selling expenses		(943,012)	(872,158)	(1,810,839)	(1,659,378)
6200	General and administrative expenses		(577,724)	(517,584)	(1,147,458)	(1,045,808)
6300	Research and development expenses		(636,142)	(560,063)	(1,225,402)	(1,103,457)
6000	Total operating expenses		<u>(2,156,878)</u>	<u>(1,949,805)</u>	<u>(4,183,699)</u>	<u>(3,808,643)</u>
6900	Operating profit		<u>1,047,199</u>	<u>979,387</u>	<u>1,885,940</u>	<u>1,615,325</u>
	Non-operating income and expenses					
7010	Other income	6(24)	251,959	288,696	417,528	535,844
7020	Other gains and losses	6(25)	108,803	(52,434)	19,877	(54,558)
7050	Finance costs	6(28)	(25,307)	(23,528)	(46,036)	(43,235)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(8)	(44,332)	(37,005)	(60,795)	(75,430)
7000	Total non-operating revenue and expenses		<u>291,123</u>	<u>175,729</u>	<u>330,574</u>	<u>362,621</u>
7900	Profit before income tax		<u>1,338,322</u>	<u>1,155,116</u>	<u>2,216,514</u>	<u>1,977,946</u>
7950	Income tax expense	6(29)	(234,373)	(167,653)	(419,688)	(354,443)
8200	Profit for the year		<u>\$ 1,103,949</u>	<u>\$ 987,463</u>	<u>\$ 1,796,826</u>	<u>\$ 1,623,503</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		\$ 347,126	(\$ 328,089)	(\$ 1,192,087)	(\$ 565,158)
8362	Other comprehensive loss, before tax, available-for-sale financial assets		(521,877)	81,363	(95,348)	(136,646)
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		<u>2,583</u>	<u>(6,680)</u>	<u>(6,989)</u>	<u>(14,665)</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>(172,168)</u>	<u>(253,406)</u>	<u>(1,294,424)</u>	<u>(716,469)</u>
8300	Total other comprehensive income for the year		<u>(\$ 172,168)</u>	<u>(\$ 253,406)</u>	<u>(\$ 1,294,424)</u>	<u>(\$ 716,469)</u>
8500	Total comprehensive income for the year		<u>\$ 931,781</u>	<u>\$ 734,057</u>	<u>\$ 502,402</u>	<u>\$ 907,034</u>
	Profit, attributable to:					
8610	Owners of the parent		<u>\$ 882,648</u>	<u>\$ 836,953</u>	<u>\$ 1,490,529</u>	<u>\$ 1,366,771</u>
8620	Non-controlling interest		<u>\$ 221,301</u>	<u>\$ 150,510</u>	<u>\$ 306,297</u>	<u>\$ 256,732</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 891,935</u>	<u>\$ 582,620</u>	<u>\$ 385,902</u>	<u>\$ 693,481</u>
8720	Non-controlling interest		<u>\$ 39,846</u>	<u>\$ 151,437</u>	<u>\$ 116,500</u>	<u>\$ 213,553</u>
	Earnings per share	6(30)				
9750	Total basic earnings per share		<u>\$ 1.30</u>	<u>\$ 1.23</u>	<u>\$ 2.20</u>	<u>\$ 2.02</u>
9850	Total diluted earnings per share		<u>\$ 1.29</u>	<u>\$ 1.23</u>	<u>\$ 2.18</u>	<u>\$ 2.01</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, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent												
		Capital			Retained Earnings			Other equity interest						
		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	Asset revaluation increment	Treasury stocks	Total	Non-controlling interest	Total equity
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
Effects of retrospective application and retrospective restatement	4(6)	-	-	-	-	-	(86,493)	(3,596)	-	-	-	(90,089)	-	(90,089)
Balance at 1 January after adjustments		7,038,101	-	4,090,426	3,477,140	433,524	8,505,468	1,400,453	(2,355,538)	-	(311,277)	22,278,297	3,836,131	26,114,428
Appropriation of 2015 earnings	6(21)													
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)
Appropriation of employee bonuses		-	375,000	-	-	-	-	-	-	-	-	375,000	-	375,000
Profit for the period		-	-	-	-	-	1,366,771	-	-	-	-	1,366,771	256,732	1,623,503
Other comprehensive loss for the period	6(22)	-	-	-	-	-	-	(523,490)	(149,800)	-	-	(673,290)	(43,179)	(716,469)
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	53,510	73,594
Cash dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(438,376)	(438,376)
Minority interest adjustment		-	-	-	-	-	-	-	-	-	-	-	7,330	7,330
Balance at March 31, 2013		\$ 7,038,101	\$ 410,191	\$ 4,268,829	\$ 3,861,939	\$ 951,488	\$ 5,907,902	\$ 876,963	(\$ 2,505,338)	\$ -	(\$ 311,277)	\$20,498,798	\$ 3,672,105	\$24,170,903

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CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016
(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	Asset revaluation increment	Treasury stocks			Total
Notes														
Year 2017														
Balance at January 1, 2017	6(21)	\$ 7,120,820	\$ -	\$ 4,629,152	\$ 3,861,939	\$951,488	\$ 8,049,113	\$ 55,011	(\$ 1,379,630)	\$ 1,388,279	(\$517,165)	\$24,159,007	\$ 4,365,926	\$28,524,933
Appropriation of 2016 earnings														
Appropriation of legal reserve		-	-	-	353,107	-	(353,107)	-	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(517,964)	517,964	-	-	-	-	-	-	-
Distribution of stock dividends		-	35,712	-	-	-	(35,712)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(3,035,553)	-	-	-	-	(3,035,553)	-	(3,035,553)
Appropriation of employee bonuses		49,519	-	310,481	-	-	-	-	-	-	-	360,000	-	360,000
Profit for the period		-	-	-	-	-	1,490,529	-	-	-	-	1,490,529	306,297	1,796,826
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	-	(1,115,017)	10,390	-	-	(1,104,627)	(189,797)	(1,294,424)
Cash dividends paid to the subsidiaries		-	-	157,218	-	-	-	-	-	-	-	157,218	-	157,218
Difference between proceeds from addition and disposal of subsidiary and book value		-	-	(43)	-	-	-	-	-	-	-	(43)	43	-
Changes in ownership interests in subsidiaries		-	-	106,862	-	-	-	-	-	-	-	106,862	309,822	416,684
Cash dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(570,669)	(570,669)
Minority interest adjustment		-	-	-	-	-	-	-	-	-	-	-	(1,877)	(1,877)
Balance at March 31, 2017		\$ 7,170,339	\$ 35,712	\$ 5,203,670	\$ 4,215,046	\$433,524	\$ 6,633,234	(\$ 1,060,006)	(\$ 1,369,240)	\$ 1,388,279	(\$517,165)	\$22,133,393	\$ 4,219,745	\$26,353,138

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	Six months ended June 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,216,514	\$ 1,977,946
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)(26)	949,181	1,030,266
Amortization	6(11)(26)	34,215	36,448
Other non-current assets amortization	6(26)	30,884	46,487
Long-term lease amortization	6(12)(26)	4,105	3,394
Provision for allowance for collectible accounts		9,420	7,011
Interest expense	6(28)	46,036	43,235
Share-based payments	6(18)	46,511	73,594
Interest income	6(24)	(18,952)	(21,981)
Dividend income	6(24)	(175,447)	(160,292)
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(25)	819,488	409,131
Investment loss recognized under the equity method	6(8)	60,795	75,430
Gain on disposal of property, plant and equipment	6(25)	(4,202)	(6,274)
Loss on disposal of intangible assets		-	1,387
Gain on investments	6(25)	(348,668)	(229,938)
Impairment loss of non-financial assets	6(11)(25)	96	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		(260,259)	186,190
Notes receivable		(32,965)	(401,460)
Accounts receivable		850,455	565,321
Accounts receivable - related parties		290,035	122,316
Other receivables		123,862	121,215
Inventories		410,229	878,607
Prepayments		(40,809)	(64,396)
Other current assets		137,057	(15,055)
Changes in operating liabilities			
Notes payable		(6,650)	(15,693)
Accounts payable		(4,002,603)	(3,499,374)
Accounts payable - related parties		(126,480)	11,432
Other payables		(395,866)	(443,314)
Other current liabilities		(21,075)	(78,486)
Other non-current liabilities		(2,219)	1,281
Cash inflow generated from operations		592,688	654,428
Interest received		19,530	22,152
Dividend received		55,826	60,084
Interest paid		(44,963)	(37,453)
Income tax paid		(554,685)	(490,522)
Net cash flows from operating activities		68,396	208,689

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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	2017	2016
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of government grants		\$ -	\$ 5,000
Increase in available-for-sale financial assets		(2,162,398)	(2,227,447)
Proceeds from disposal of available-for-sale financial assets		1,507,497	1,668,074
Increase in financial assets carried at cost		(350,261)	(91,164)
Proceeds from disposal of financial assets carried at cost		-	7,263
Acquisition of investment recognized under the equity method		(272,016)	-
Acquisition of property, plant and equipment	6(31)	(1,112,847)	(1,270,528)
Proceeds from disposal of property, plant and equipment		82,049	92,146
Acquisition of intangible assets	6(11)	(40,863)	(37,132)
Increase in other non-current assets		(269,286)	(339,240)
(Increase) decrease in refundable deposits		(89,952)	182,027
Net cash flows used in investing activities		(2,708,077)	(2,011,001)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		2,631,318	1,691,076
Increase in long-term borrowings		-	100,000
Decrease in long-term borrowings		(80,000)	(80,000)
Treasury stock sold to employees		141,171	-
Changes in non-controlling interests		(1,877)	7,330
Net cash flows from financing activities		2,690,612	1,718,406
Effect of exchange rate changes on cash and cash equivalents		(516,132)	(175,126)
Net decrease in cash and cash equivalents		(465,201)	(259,032)
Cash and cash equivalents at beginning of period	6(1)	3,076,607	2,349,599
Cash and cash equivalents at end of period	6(1)	<u>\$ 2,611,406</u>	<u>\$ 2,090,567</u>

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