

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2017 and 2016 are reviewed, not audited)

Assets		Notes	March 31, 2017	December 31, 2016	(adjusted) March 31, 2016	(adjusted) January 1, 2016
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 6,547,866	\$ 3,076,607	\$ 2,157,294	\$ 2,349,599
1110	Financial assets at fair value through profit or loss - current	6(2)	107,351	237,458	33,558	437,429
1125	Available-for-sale financial assets - current	6(3)	4,702,566	4,321,515	3,544,856	3,969,736
1144	Financial assets carried at cost - current	6(4)	-	-	8,664	10,617
1150	Notes receivable, net		716,535	667,235	449,690	266,456
1170	Accounts receivable, net	6(5)	16,215,777	18,890,909	15,987,338	18,073,961
1180	Accounts receivable - related parties	7	293,287	473,676	254,397	329,439
1200	Other receivables		733,717	446,761	660,969	452,479
130X	Inventories, net	6(7)	10,068,538	10,294,196	9,049,681	9,413,581
1410	Prepayments		1,049,799	1,248,502	986,262	972,681
1470	Other current assets	8	154,407	165,633	139,364	141,818
11XX	Current Assets		<u>40,589,843</u>	<u>39,822,492</u>	<u>33,272,073</u>	<u>36,417,796</u>
Non-current assets						
1523	Available-for-sale financial assets - noncurrent	6(3)	1,410,372	1,388,312	1,796,067	1,596,614
1543	Financial assets carried at cost - noncurrent	6(4)	2,057,202	1,836,330	966,395	917,494
1550	Investments accounted for under equity method	6(8)	1,038,044	837,950	953,187	999,597
1600	Property, plant and equipment, net	6(9)	12,975,487	13,495,266	15,551,461	15,461,482
1760	Investment property, net	6(10) and 8	5,498,799	5,547,494	1,950,701	1,855,650
1780	Intangible assets	6(11)	244,678	255,143	250,884	263,118
1840	Deferred income tax assets		144,119	147,971	136,141	135,676
1900	Other non-current assets	6(12) and 8	998,141	966,818	1,319,100	1,322,668
15XX	Non-current assets		<u>24,366,842</u>	<u>24,475,284</u>	<u>22,923,936</u>	<u>22,552,299</u>
1XXX	Total assets		<u>\$ 64,956,685</u>	<u>\$ 64,297,776</u>	<u>\$ 56,196,009</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 March 31, 2017 and 2016 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2017	December 31, 2016	(adjusted) March 31, 2016	(adjusted) January 1, 2016
Current liabilities						
2100	Short-term borrowings	6(13) and 8	\$ 7,219,755	\$ 2,101,177	\$ 3,743,981	\$ 2,473,216
2120	Financial liabilities at fair value through profit or loss - current	6(2)	845,812	93,327	386,128	107,399
2150	Notes payable		5,284	6,819	2,350	16,298
2170	Accounts payable	6(14)	16,268,046	20,182,530	15,017,398	18,588,195
2180	Accounts payable - related parties	7	504,357	605,394	488,263	500,250
2200	Other payables	6(15)	7,659,970	8,481,776	6,397,673	7,181,716
2230	Current income tax liabilities		1,301,817	1,329,482	979,831	1,082,321
2300	Other current liabilities	6(16)	692,727	264,263	146,178	273,716
21XX	Current Liabilities		<u>34,497,768</u>	<u>33,064,768</u>	<u>27,161,802</u>	<u>30,223,111</u>
Non-current liabilities						
2540	Long-term borrowings	6(16) and 8	1,832,254	2,352,377	2,480,877	2,389,694
2570	Deferred income tax liabilities		121,731	121,917	37,125	37,189
2600	Other non-current liabilities		227,485	233,781	200,582	205,673
25XX	Non-current liabilities		<u>2,181,470</u>	<u>2,708,075</u>	<u>2,718,584</u>	<u>2,632,556</u>
2XXX	Total Liabilities		<u>36,679,238</u>	<u>35,772,843</u>	<u>29,880,386</u>	<u>32,855,667</u>
Equity attributable to owners of parent						
Share capital		6(19)				
3110	Share capital - common stock		7,120,820	7,120,820	7,038,101	7,038,101
Capital surplus		6(20)				
3200	Capital surplus		4,672,304	4,629,152	4,088,222	4,090,426
Retained earnings		6(21)				
3310	Legal reserve		3,861,939	3,861,939	3,477,140	3,477,140
3320	Special reserve		951,488	951,488	433,524	433,524
3350	Unappropriated retained earnings	6(29)	8,656,994	8,049,113	9,035,286	8,505,468
Other equity interest		6(22)				
3400	Other equity interest		(1,050,254)	63,660	(1,374,042)	(955,085)
3500	Treasury stocks	6(19) and 8	(517,165)	(517,165)	(311,277)	(311,277)
31XX	Equity attributable to owners of the parent		<u>23,696,126</u>	<u>24,159,007</u>	<u>22,386,954</u>	<u>22,278,297</u>
36XX	Non-controlling interest		<u>4,581,321</u>	<u>4,365,926</u>	<u>3,928,669</u>	<u>3,836,131</u>
3XXX	Total equity		<u>28,277,447</u>	<u>28,524,933</u>	<u>26,315,623</u>	<u>26,114,428</u>
Significant contingent liabilities and unrecognised contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		<u>\$ 64,956,685</u>	<u>\$ 64,297,776</u>	<u>\$ 56,196,009</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, except earnings per share amounts)
(UNAUDITED)

		Three months ended March 31	
Items	Notes	2017	2016
4000 Sales revenue	6(23) and 7	\$ 16,942,013	\$ 16,628,810
5000 Operating costs	6(7)(26)(27) and 7	(14,076,451)	(14,134,034)
5900 Net operating margin		<u>2,865,562</u>	<u>2,494,776</u>
Operating expenses	6(26)(27)		
6100 Selling expenses		(867,986)	(787,220)
6200 General and administrative expenses		(569,734)	(528,224)
6300 Research and development expenses		(589,260)	(543,394)
6000 Total operating expenses		(2,026,980)	(1,858,838)
6900 Operating profit		<u>838,582</u>	<u>635,938</u>
Non-operating income and expenses			
7010 Other income	6(24)	165,569	247,148
7020 Other gains and losses	6(25)	(88,767)	(2,124)
7050 Finance costs	6(28)	(20,729)	(19,707)
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(8)	(16,463)	(38,425)
7000 Total non-operating revenue and expenses		<u>39,610</u>	<u>186,892</u>
7900 Profit before income tax		<u>878,192</u>	<u>822,830</u>
7950 Income tax expense	6(29)	(185,315)	(186,790)
8200 Profit for the year		<u>\$ 692,877</u>	<u>\$ 636,040</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		(\$ 1,539,213)	(\$ 237,069)
8362 Other comprehensive loss, before tax, available-for-sale financial assets		426,529	(218,009)
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		(9,572)	(7,985)
8360 Components of other comprehensive income that will be reclassified to profit or loss		(1,122,256)	(463,063)
8300 Total other comprehensive income for the year		(\$ 1,122,256)	(\$ 463,063)
8500 Total comprehensive income for the year		<u>(\$ 429,379)</u>	<u>\$ 172,977</u>
Profit, attributable to:			
8610 Owners of the parent		<u>\$ 607,881</u>	<u>\$ 529,818</u>
8620 Non-controlling interest		<u>\$ 84,996</u>	<u>\$ 106,222</u>
Comprehensive income attributable to:			
8710 Owners of the parent		(\$ 506,033)	\$ 110,861
8720 Non-controlling interest		<u>\$ 76,654</u>	<u>\$ 62,116</u>
Earnings per share	6(30)		
9750 Total basic earnings per share		<u>\$ 0.90</u>	<u>\$ 0.79</u>
9850 Total diluted earnings per share		<u>\$ 0.90</u>	<u>\$ 0.78</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 THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Equity attributable to owners of the parent												
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest			Treasury stocks	Total	Non- controlling interest	Total equity
				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				
<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
Effects of retrospective application and retrospective restatement		-	-	-	-	(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
Profit for the period		-	-	-	-	529,818	-	-	-	-	529,818	106,222	636,040
Other comprehensive loss for the period		-	-	-	-	-	(237,023)	(181,934)	-	-	(418,957)	(44,106)	(463,063)
Changes in ownership interests in subsidiaries		-	(2,204)	-	-	-	-	-	-	-	(2,204)	30,422	28,218
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>\$ 9,035,286</u>	<u>\$ 1,163,430</u>	<u>(\$ 2,537,472)</u>	<u>\$ -</u>	<u>(\$ 311,277)</u>	<u>\$ 22,386,954</u>	<u>\$ 3,928,669</u>	<u>\$ 26,315,623</u>
<u>Year 2017</u>													
Balance at January 1, 2017		\$ 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
Profit for period		-	-	-	-	607,881	-	-	-	-	607,881	84,996	692,877
Other comprehensive income (loss) for the period		-	-	-	-	-	(1,427,020)	313,106	-	-	(1,113,914)	(8,342)	(1,122,256)
Difference between proceeds from addition and disposal of subsidiary and book value		-	54	-	-	-	-	-	-	-	54	(54)	-
Changes in ownership interests in subsidiaries		-	43,098	-	-	-	-	-	-	-	43,098	137,998	181,096
Minority interest adjustment		-	-	-	-	-	-	-	-	-	-	797	797
Balance at March 31, 2017		<u>\$ 7,120,820</u>	<u>\$ 4,672,304</u>	<u>\$ 3,861,939</u>	<u>\$ 951,488</u>	<u>\$ 8,656,994</u>	<u>(\$ 1,372,009)</u>	<u>(\$ 1,066,524)</u>	<u>\$ 1,388,279</u>	<u>(\$ 517,165)</u>	<u>\$ 23,696,126</u>	<u>\$ 4,581,321</u>	<u>\$ 28,277,447</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, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 878,192	\$ 822,830
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)	475,837	530,018
Amortization	6(11)(26)	16,315	17,755
Other non-current assets amortization	6(26)	15,507	22,495
Long-term lease amortization	6(12)(26)	1,957	1,485
(Reversal of) provision for allowance for collectible accounts		(159)	6,834
Interest expense	6(28)	20,729	19,707
Share-based payments	6(18)	39,925	28,218
Interest income	6(24)	(8,618)	(8,099)
Dividend income	6(24)	(1,034)	-
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(25)	914,092	431,399
Investment loss recognized under the equity method	6(8)	16,463	38,425
Gain on disposal of property, plant and equipment	6(25)	(988)	(981)
Loss on disposal of intangible assets		-	1,389
Gain on investments	6(25)	(186,460)	(185,064)
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		(31,500)	251,201
Notes receivable		(49,300)	(183,234)
Accounts receivable		2,675,291	2,079,789
Accounts receivable - related parties		180,389	75,042
Other receivables		(259,108)	126,982
Inventories		225,658	363,900
Prepayments		198,703	(13,581)
Other current assets		11,226	(318)
Changes in operating liabilities			
Notes payable		(1,535)	(13,948)
Accounts payable		(3,914,484)	(3,570,797)
Accounts payable - related parties		(101,037)	(11,987)
Other payables		(562,937)	(772,610)
Other current liabilities		21,538	(127,538)
Other non-current liabilities		(6,296)	(5,091)
Cash inflow (outflow) generated from operations		568,462	(75,779)
Interest received		8,456	8,002
Dividend received		1,034	112
Interest paid		(19,883)	(14,611)
Income tax paid		(209,314)	(289,809)
Net cash flows from (used in) operating activities		348,755	(372,085)

(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,	
		2017	2016
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of government grants		\$ -	\$ 4,970
Increase in available-for-sale financial assets		(560,073)	(1,098,950)
Proceeds from disposal of available-for-sale financial assets		823,221	930,843
Increase in financial assets carried at cost		(328,696)	(53,810)
Proceeds from disposal of financial assets carried at cost		-	1,849
Proceeds from disposal of investment recognized under the equity method		(226,129)	-
Acquisition of property, plant and equipment	6(31)	(625,658)	(525,448)
Proceed from disposal of property, plant and equipment		27,337	9,994
Acquisition of intangible assets	6(11)	(13,462)	(8,492)
Increase in other non-current assets		(77,524)	(377,101)
(Increase) decrease in refundable deposits		(85,888)	102,396
Net cash flows used in investing activities		(1,066,872)	(1,013,749)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		5,118,578	1,270,765
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		797	-
Net cash flows from financing activities		5,180,546	1,290,765
Effect of exchange rate changes on cash and cash equivalents		(991,170)	(97,236)
Net increase (decrease) in cash and cash equivalents		3,471,259	(192,305)
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>\$ 6,547,866</u>	<u>\$ 2,157,294</u>

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