

CHICONY ELECTERONICS CO.,LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED MARCH 31

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

	Assets	Notes	March 31, 2018	December 31, 2017	March 31, 2017
	Current assets				
1100	Cash and cash equivalents	6(1)	\$ 2,892,790	\$ 2,679,941	\$ 6,547,866
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	5,271,121	412,311	107,351
1120	Financial assets at fair value through other comprehensive income - current	6(3)	3,140,289	-	-
1125	Available-for-sale financial assets - current	12(4)	-	6,734,294	4,702,566
1150	Notes receivable, net	6(4)	447,515	842,816	716,535
1170	Accounts receivable, net	6(4)	16,002,442	18,060,476	16,215,777
1180	Accounts receivable - related parties	7	288,310	325,997	293,287
1200	Other receivables		397,597	503,149	733,717
130X	Inventory	6(6)	12,493,330	12,458,261	10,068,538
1410	Prepayments		1,544,829	1,401,826	1,049,799
1470	Other current assets	8	7,704	51,723	154,407
11XX	Current Assets		<u>42,485,927</u>	<u>43,470,794</u>	<u>40,589,843</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - noncurrent	6(2)	2,078,591	-	-
1517	Financial assets at fair value through other comprehensive income - noncurrent	6(3)	902,151	-	-
1523	Available-for-sale financial assets - noncurrent	12(4)	-	883,509	1,410,372
1543	Financial assets carried at cost - noncurrent	12(4)	-	2,266,656	2,057,202
1550	Investments accounted for under equity method	6(7)	41,223	45,719	1,038,044
1600	Property, plant and equipment	6(8)	13,777,350	13,554,882	12,975,487
1760	Investment property - net	6(9) and 8	5,575,854	5,517,981	5,498,799
1780	Intangible assets	6(10)	244,805	249,404	244,678
1840	Deferred income tax assets	6(28)	175,804	162,296	144,119
1900	Other non-current assets	6(11) and 8	1,465,066	1,303,139	998,141
15XX	Non-current assets		<u>24,260,844</u>	<u>23,983,586</u>	<u>24,366,842</u>
1XXX	Total assets		<u>\$ 66,746,771</u>	<u>\$ 67,454,380</u>	<u>\$ 64,956,685</u>

(Continued)

CHICONY ELECTERONICS CO.,LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED MARCH 31

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2018	December 31, 2017	March 31, 2017
	Current liabilities				
2100	Short-term borrowings	6(12) and 8	\$ 6,844,899	\$ 4,246,383	\$ 7,219,755
2110	Short-term notes and bills payable		250,000	-	-
2120	Financial liabilities at fair value through profit or loss - current	6(2) and 12(4)	539,049	488,548	845,812
2130	Current contract liabilities		234,207	-	-
2150	Notes payable		1,131	2,187	5,284
2170	Accounts payable	6(13)	17,925,631	20,737,567	16,268,046
2180	Accounts payable - related parties	7	385,191	482,419	504,357
2200	Other payables	6(14)	7,874,500	9,125,867	7,659,970
2230	Current income tax liabilities		1,491,052	1,564,325	1,301,817
2300	Other current liabilities	6(15)	397,656	226,178	692,727
21XX	Current Liabilities		<u>35,943,316</u>	<u>36,873,474</u>	<u>34,497,768</u>
	Non-current liabilities				
2540	Long-term borrowings	6(15) and 8	1,496,647	1,831,281	1,832,254
2570	Deferred income tax liabilities	6(28)	244,633	230,809	121,731
2600	Other non-current liabilities		241,962	243,421	227,485
25XX	Non-current liabilities		<u>1,983,242</u>	<u>2,305,511</u>	<u>2,181,470</u>
2XXX	Total Liabilities		<u>37,926,558</u>	<u>39,178,985</u>	<u>36,679,238</u>
	Equity attributable to owners of parent				
	Share capital	6(18)			
3110	Share capital - common stock		7,206,051	7,206,051	7,120,820
	Capital surplus	6(19)			
3200	Capital surplus		5,151,529	5,136,660	4,672,304
	Retained earnings	6(20)			
3310	Legal reserve		4,215,046	4,215,046	3,861,939
3320	Special reserve		433,524	433,524	951,488
3350	Total unappropriated retained earnings (accumulated deficit)		10,577,359	9,144,208	8,656,994
	Other equity interest	6(21)			
3400	Other equity interest	(	2,856,163)	(1,824,687)	(1,050,254)
3500	Treasury stocks	6(18) and 8	(517,165)	(517,165)	(517,165)
31XX	Equity attributable to owners of the parent		<u>24,210,181</u>	<u>23,793,637</u>	<u>23,696,126</u>
36XX	Non-controlling interest		<u>4,610,032</u>	<u>4,481,758</u>	<u>4,581,321</u>
3XXX	Total equity		<u>28,820,213</u>	<u>28,275,395</u>	<u>28,277,447</u>
	New Item	9			
	New Item	11			
3X2X	Total liabilities and equity		<u>\$ 66,746,771</u>	<u>\$ 67,454,380</u>	<u>\$ 64,956,685</u>

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

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Items		Notes	Three months ended March 31	
			2018	2017
4000	Sales revenue	6(22), 7 and 12(5)	\$ 17,573,844	\$ 16,942,013
5000	Operating costs	6(6)(26)(27) and 7	(15,448,837)	(14,076,451)
5900	Net operating margin		<u>2,125,007</u>	<u>2,865,562</u>
	Operating expenses	6(26)(27)		
6100	Selling expenses		(716,056)	(867,986)
6200	General & administrative expenses		(409,155)	(569,734)
6300	Research and development expenses		(436,269)	(589,260)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(20,785)	-
6000	Total operating expenses		(1,582,265)	(2,026,980)
6900	Operating profit		<u>542,742</u>	<u>838,582</u>
	Non-operating income and expenses			
7010	Other income	6(23)	137,340	165,569
7020	Other gains and losses	6(24)	149,730	(88,767)
7050	Finance costs	6(25)	(33,820)	(20,729)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	(3,468)	(16,463)
7000	Total non-operating revenue and expenses		<u>249,782</u>	<u>39,610</u>
7900	Profit before income tax		792,524	878,192
7950	Income tax expense	6(28)	(83,734)	(185,315)
8200	Profit for the year		<u>\$ 708,790</u>	<u>\$ 692,877</u>

(Continued)

CHICONY ELECTERONICS CO.,LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Items	Notes	Three months ended March 31	
		2018	2017
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss			
8316 Unrealized gain or loss on Equity instruments at fair value through other comprehensive income		(\$ 190,666)	\$ -
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(11,757)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(202,423)	-
Components of other comprehensive income that will be reclassified to profit or loss			
8361 Financial statements translation differences of foreign operations		46,621 (	1,539,213)
8362 Unrealized gain on valuation of available-for-sale financial assets		-	426,529
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(1,028)	(9,572)
8360 Components of other comprehensive income that will be reclassified to profit or loss		45,593 (	1,122,256)
8300 Total other comprehensive loss for the year		(\$ 156,830)	(\$ 1,122,256)
8500 Total comprehensive income for the year		<u>\$ 551,960</u>	<u>(\$ 429,379)</u>
Profit (loss), attributable to:			
8610 Owners of the parent		<u>\$ 586,982</u>	<u>\$ 607,881</u>
8620 Non-controlling interest		<u>\$ 121,808</u>	<u>\$ 84,996</u>
Comprehensive income attributable to:			
8710 Owners of the parent		<u>\$ 446,863</u>	<u>(\$ 506,033)</u>
8720 Non-controlling interest		<u>\$ 105,097</u>	<u>\$ 76,654</u>
Earnings per share	6(29)		
9750 Total basic earnings per share		<u>\$ 0.86</u>	<u>\$ 0.90</u>
9850 Total diluted earnings per share		<u>\$ 0.85</u>	<u>\$ 0.89</u>

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

CHICONY ELECTERONICS CO.,LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Equity attributable to owners of the parent												
Notes	Retained Earnings					Other equity interest						
	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Asset revaluation increment	Treasury stocks	Total	Non-controlling interest	Total equity
Year ended March 31, 2017												
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 2017	-	-	-	-	607,881	-	-	-	-	607,881	84,996	692,877
Other comprehensive loss for 2017	6(21)	-	-	-	-	(1,427,020)	313,106	-	-	(1,113,914)	(8,342)	(1,122,256)
Total comprehensive income	-	-	-	-	607,881	(1,427,020)	313,106	-	-	(506,033)	76,654	(429,379)
Difference between proceeds from addition and disposal of subsidiary and book value	-	54	-	-	-	-	-	-	-	54	(54)	-
Adjustments to share of changes in equity of associates and joint ventures	-	43,098	-	-	-	-	-	-	-	43,098	137,998	181,096
Non-controlling 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>
Year ended March 31, 2018												
Balance at January 1, 2018	\$ 7,206,051	\$ 5,136,660	\$ 4,215,046	\$ 433,524	\$ 9,144,208	(\$ 1,009,474)	(\$ 2,203,492)	\$ 1,388,279	(\$ 517,165)	\$ 23,793,637	\$ 4,481,758	\$ 28,275,395
Effect of retrospective application and restatement	-	-	-	-	860,203	-	(905,391)	-	-	(45,188)	(8,690)	(53,878)
Balance at 1 January, 2018 after adjustments	<u>7,206,051</u>	<u>5,136,660</u>	<u>4,215,046</u>	<u>433,524</u>	<u>10,004,411</u>	<u>(1,009,474)</u>	<u>(3,108,883)</u>	<u>1,388,279</u>	<u>(517,165)</u>	<u>23,748,449</u>	<u>4,473,068</u>	<u>28,221,517</u>
Profit for 2018	-	-	-	-	586,982	-	-	-	-	586,982	121,808	708,790
Other comprehensive loss for 2018	6(21)	-	-	-	-	31,461	(159,823)	(11,757)	-	(140,119)	(16,711)	(156,830)
Total comprehensive income	-	-	-	-	586,982	31,461	(159,823)	(11,757)	-	446,863	105,097	551,960
Adjustments to share of changes in equity of associates and joint ventures	-	13,701	-	-	-	-	-	-	-	13,701	31,867	45,568
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(14,034)	-	14,034	-	-	-	-	-
Other (overdue dividends)	-	1,168	-	-	-	-	-	-	-	1,168	-	1,168
Balance at March 31, 2018	<u>\$ 7,206,051</u>	<u>\$ 5,151,529</u>	<u>\$ 4,215,046</u>	<u>\$ 433,524</u>	<u>\$ 10,577,359</u>	<u>(\$ 978,013)</u>	<u>(\$ 3,254,672)</u>	<u>\$ 1,376,522</u>	<u>(\$ 517,165)</u>	<u>\$ 24,210,181</u>	<u>\$ 4,610,032</u>	<u>\$ 28,820,213</u>

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

CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 792,524	\$ 878,192
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(26)	512,301	475,837
Intangible assets amortization	6(10)(26)	18,591	16,315
Other non-current assets recognized as expenses	6(26)	14,153	15,507
Long-term prepaid rent expense	6(11)(26)	2,118	1,957
Provision for allowance for uncollectible accounts	6(24)	-	(159)
Impairment loss determined in accordance with IFRS 9	12(2)	20,785	-
Share-based payments	6(17)	16,449	39,925
Interest income	6(23)	(11,005)	(8,618)
Dividend income	6(23)	(49,091)	(1,034)
Interest expense	6(25)	33,820	20,729
Net loss (gain) on financial assets and liabilities at fair value - Derivative	6(2)(24) and 12(4)	(248,037)	914,092
Net loss (gain) on financial assets and liabilities at fair value - Other	6(24)	(55,324)	-
Share of loss of associates accounted for using equity method	6(7)	3,468	16,463
Gain on disposal of property, plant and equipment	6(24)	(3,502)	(988)
Gain on disposal of investments	6(24)	-	(186,460)
Impairment loss of non-financial assets	6(10)(24)	-	96
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(94,646)	(31,500)
Accounts receivable		395,301	(49,300)
Accounts receivable - related parties		2,037,249	2,675,291
Other receivables		37,687	180,389
Inventories		128,586	(259,108)
Prepayments		(35,069)	225,658
Other current assets		(143,003)	198,703
Notes receivable		44,019	11,226
Changes in operating liabilities			
Current contract liabilities		67,218	-
Notes payable		(1,056)	(1,535)
Accounts payable		(2,811,936)	(3,914,484)
Accounts payable - related parties		(97,228)	(101,037)
Other payables		(1,169,920)	(562,937)
Other current liabilities		38,467	21,538
Other non-current liabilities		(1,459)	(6,296)
Cash (outflow) inflow generated from operations		(558,540)	568,462
Interest received		9,996	8,456
Dividend received		49,091	1,034
Interest paid		(31,664)	(19,883)
Income tax paid		(168,449)	(209,314)
Net cash flows (used in) from operating activities		(699,566)	348,755

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CHICONY ELECTRONICS CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of available-for-sale financial assets		\$ -	(\$ 560,073)
Proceeds from disposal of available-for-sale financial assets		-	823,221
Acquisition of financial assets carried at cost		-	(328,696)
Acquisition of financial assets and liabilities at fair value through profit or loss - Other		(2,207,892)	-
Disposal of financial assets and liabilities at fair value through profit or loss - Other		1,209,041	-
Disposal of financial assets at fair value through other comprehensive income		14,470	-
Acquisition of investments accounted for using equity method		-	(226,129)
Acquisition of property, plant and equipment	6(30)	(456,265)	(625,658)
Proceeds from disposal of property, plant and equipment		58,938	27,337
Acquisition of intangible assets	6(10)	(14,012)	(13,462)
Increase in other non-current assets		(445,920)	(77,524)
Increase in refundable deposits		(23,147)	(85,888)
Net cash flows used in investing activities		(1,864,787)	(1,066,872)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		2,598,516	5,118,578
Increase in short-term notes and bills payable		250,000	-
Decrease in long-term borrowings		(80,000)	(80,000)
Treasury stock transferred to employees		29,119	141,171
Change in non-controlling interests		-	797
Overdue stock dividends		1,169	-
Net cash flows from financing activities		2,798,804	5,180,546
Net increase in cash		(21,602)	(991,170)
Net increase in cash and cash equivalents		212,849	3,471,259
Cash and cash equivalents at beginning of period	6(1)	2,679,941	3,076,607
Cash and cash equivalents at end of period	6(1)	\$ 2,892,790	\$ 6,547,866

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