

**ACBEL POLYTECH INC. AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

June 30, 2017, December 31, and June 30, 2016

(Expressed in Thousands of New Taiwan Dollars)

Assets	June 30, 2017		December 31, 2016		June 30, 2016		Liabilities and equity	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>						
Cash and cash equivalents	\$ 3,237,694	21.5	2,956,456	18.9	3,511,390	22.4	Short-term borrowings	\$ 201,381	1.3	-	-	3,213	-
Financial assets at fair value through profit or loss, current	42,328	0.3	128,142	0.8	69,774	0.4	Financial liabilities at fair value through profit or loss, current	35,286	0.2	128,142	0.8	69,774	0.5
Derivative financial assets for hedging, current	34,950	0.2	66,902	0.4	10,884	0.1	Derivative financial liabilities for hedging, current	32,300	0.2	55,831	0.4	6,852	-
Debt instrument investment without active market, current	200,000	1.3	200,000	1.3	200,000	1.3	Accounts payable (including related parties)	3,942,445	26.2	4,683,393	29.9	4,098,550	26.1
Notes receivable, net	180,210	1.2	249,482	1.6	133,267	0.8	Accrued expenses and other payables (including related parties)	1,900,080	12.6	1,210,194	7.7	1,976,461	12.6
Accounts receivable, net	3,728,370	24.8	4,382,529	27.9	4,099,909	26.1	Other current liabilities	250,937	1.7	212,961	1.3	301,574	1.9
Accounts receivable due from related parties, net	527,744	3.5	518,045	3.3	415,202	2.6		6,362,429	42.2	6,290,521	40.1	6,456,424	41.1
Other receivables	47,710	0.3	69,236	0.4	27,868	0.2	<b>Non-current liabilities:</b>						
Inventories, net	2,376,371	15.8	2,425,797	15.5	2,380,364	15.2	Deferred tax liabilities	399,638	2.7	415,420	2.7	427,536	2.7
Prepayments and other current assets	240,949	1.6	282,425	1.8	314,287	2.0	Provisions for employee benefits, non-current	448,869	3.0	456,180	2.9	429,764	2.8
	10,616,326	70.5	11,279,014	71.9	11,162,945	71.1	Other non-current liabilities	1,219	-	1,422	-	1,416	-
<b>Non-current assets :</b>								849,726	5.7	873,022	5.6	858,716	5.5
Available-for-sale financial assets , non-current	295,467	2.0	-	-	-	-	<b>Total liabilities</b>	7,212,155	47.9	7,163,543	45.7	7,315,140	46.6
Financial assets carried at cost , non-current	62,999	0.4	62,999	0.4	62,999	0.4	<b>Equity attributable to owners of parent:</b>						
Debt instrument investment without active market, non-current	200,000	1.3	400,000	2.5	400,000	2.5	Ordinary shares	5,184,053	34.4	5,199,493	33.2	5,184,403	33.0
Investments accounted for using equity method	69,914	0.5	70,831	0.5	129,370	0.8	Capital surplus	548,368	3.6	838,493	5.3	838,023	5.3
Property, plant and equipment	3,271,396	21.7	3,297,138	21.0	3,356,749	21.4	Retained earnings:						
Investment property, net	22,455	0.2	24,160	0.2	25,497	0.1	Legal reserve	882,434	5.9	830,348	5.3	830,348	5.3
Deferred tax assets	167,042	1.1	171,455	1.1	169,053	1.1	Special reserve	32,745	0.2	-	-	-	-
Other non-current assets	349,121	2.3	373,300	2.4	402,779	2.6	Unappropriated retained earnings	1,065,321	7.1	1,483,817	9.5	1,277,515	8.1
	4,438,394	29.5	4,399,883	28.1	4,546,447	28.9		1,980,500	13.2	2,314,165	14.8	2,107,863	13.4
							Other components of equity	(153,896)	(1.0)	(119,729)	(0.8)	(13,917)	(0.1)
								7,559,025	50.2	8,232,422	52.5	8,116,372	51.6
							<b>Non-controlling interests</b>	283,540	1.9	282,932	1.8	277,880	1.8
							<b>Total equity</b>	7,842,565	52.1	8,515,354	54.3	8,394,252	53.4
							<b>Total liabilities and equity</b>	\$15,054,720	100.0	15,678,897	100.0	15,709,392	100.0
<b>Total assets</b>	<b>\$15,054,720</b>	<b>100.0</b>	<b>15,678,897</b>	<b>100.0</b>	<b>15,709,392</b>	<b>100.0</b>							

**ACBEL POLYTECH INC. AND ITS SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months and six months ended June 30, 2017 and 2016**

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	Three Months Ended June30,				Six Months Ended June30,			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Sales revenue	\$ 4,502,533	100.6	4,945,626	100.1	8,762,969	100.6	9,735,582	100.4
Less : Sales returns	4,844	0.1	5,769	0.1	21,246	0.2	32,857	0.3
Sales allowances	21,892	0.5	1,399	-	34,517	0.4	10,915	0.1
Net sales revenue	4,475,797	100.0	4,938,458	100.0	8,707,206	100.0	9,691,810	100.0
Cost of sales	3,771,420	84.3	4,138,050	83.8	7,305,048	83.9	8,145,239	84.0
Gross profit	704,377	15.7	800,408	16.2	1,402,158	16.1	1,546,571	16.0
Operating expenses:								
Selling expenses	180,178	4.0	207,591	4.2	341,721	3.9	406,138	4.2
Administrative expenses	171,032	3.8	177,521	3.6	332,330	3.8	337,444	3.5
Research and development expenses	268,230	6.0	253,768	5.1	533,255	6.1	510,330	5.2
	619,440	13.8	638,880	12.9	1,207,306	13.8	1,253,912	12.9
Net operating income	84,937	1.9	161,528	3.3	194,852	2.3	292,659	3.1
Non-operating income and expenses:								
Interest income	13,748	0.3	15,292	0.3	25,969	0.3	30,539	0.3
Other income	3,318	-	11,110	0.2	11,346	0.1	11,873	0.1
Gains on financial assets (liabilities) at fair value through profit or loss	13,543	0.3	(49,144)	(1.0)	16,965	0.2	10,622	0.1
Interest expenses	(628)	-	(70)	-	(682)	-	(70)	-
Miscellaneous disbursements	(533)	-	(1,718)	-	(7,797)	(0.1)	(2,353)	-
Foreign exchange gains (losses), net	12,381	0.3	(4,819)	(0.1)	(25,235)	(0.3)	17,561	0.2
Losses on financial assets (liabilities) at fair value through profit or loss	-	-	57,534	1.1	-	-	22,377	0.2
Share of profit (loss) of associates and joint ventures accounted for using equity method	(1,167)	-	193	-	(752)	-	4	-
	40,662	0.9	28,378	0.5	19,814	0.2	90,553	0.9
Profit before tax	125,599	2.8	189,906	3.8	214,666	2.5	383,212	4.0
Income tax expense	35,501	0.8	40,265	0.8	59,444	0.7	84,266	0.9
Profit	90,098	2.0	149,641	3.0	155,222	1.8	298,946	3.1
Other comprehensive income :								
Items that may be reclassified subsequently to profit or loss								
Other comprehensive income before tax, exchange differences on translation	39,011	0.9	(61,731)	(1.2)	(94,834)	(1.1)	(75,036)	(0.8)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that may be reclassified subsequently to profit or loss	2,549	0.1	(3,067)	(0.1)	(165)	-	(3,070)	-
Less: income tax relating to components of other comprehensive income that may be reclassified subsequently to profit or loss	3,162	0.1	(5,277)	(0.1)	(5,621)	(0.1)	(5,181)	-
Other comprehensive income, net	38,398	0.9	(59,521)	(1.2)	(89,378)	(1.0)	(72,925)	(0.8)
Comprehensive income	\$ 128,496	2.9	90,120	1.8	65,844	0.8	226,021	2.3
Profit, attributable to:								
Owners of parent	\$ 80,398	1.8	143,445	2.9	132,975	1.5	288,555	3.0
Non-controlling interests	9,700	0.2	6,196	0.1	22,247	0.3	10,391	0.1
	\$ 90,098	2.0	149,641	3.0	155,222	1.8	298,946	3.1
Comprehensive income attributable to:								
Owners of parent	\$ 113,950	2.6	92,491	1.9	51,855	0.6	223,871	2.3
Non-controlling interests	14,546	0.3	(2,371)	(0.1)	13,989	0.2	2,150	-
	\$ 128,496	2.9	90,120	1.8	65,844	0.8	226,021	2.3
Earnings per share								
Basic net income per share	\$	0.16		0.28		0.26		0.56
Diluted net income per share	\$	0.16		0.28		0.26		0.56

**ACBEL POLYTECH INC. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the six months ended June 30, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
	Retained earnings					Other equity interest			Total equity attributable to owners of parent	Non-controlling interests
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unearned employee benefit	Total other equity interest		
<b>Balance as of January 1, 2016</b>	\$ 5,184,973	1,075,353	763,271	-	1,625,256	122,319	(122,107)	212	8,649,065	287,440
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	67,077	-	(67,077)	-	-	-	-	-
Cash dividends	-	-	-	-	(569,219)	-	-	-	(569,219)	-
	-	-	67,077	-	(636,296)	-	-	-	(569,219)	-
Cash dividends from capital surplus	-	(206,989)	-	-	-	-	-	-	(206,989)	-
Profit for the six-month period ended June 30, 2016	-	-	-	-	288,555	-	-	-	288,555	10,391
Other comprehensive income for the six-month period ended June 30, 2016	-	-	-	-	-	(64,684)	-	(64,684)	(64,684)	(8,241)
Comprehensive income for the six-month period ended June 30, 2016	-	-	-	-	288,555	(64,684)	-	(64,684)	223,871	2,150
Share based payment transactions	(570)	(30,341)	-	-	-	-	50,555	50,555	19,644	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(11,710)
<b>Balance on June 30, 2016</b>	<b>\$ 5,184,403</b>	<b>838,023</b>	<b>830,348</b>	<b>-</b>	<b>1,277,515</b>	<b>57,635</b>	<b>(71,552)</b>	<b>(13,917)</b>	<b>8,116,372</b>	<b>277,880</b>
<b>Balance as of January 1, 2017</b>	\$ 5,199,493	838,493	830,348	-	1,483,817	(32,745)	(86,984)	(119,729)	8,232,422	282,932
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	52,086	-	(52,086)	-	-	-	-	-
Special reserve appropriated	-	-	-	32,745	(32,745)	-	-	-	-	-
Cash dividends	-	-	-	-	(466,640)	-	-	-	(466,640)	-
	-	-	52,086	32,745	(551,471)	-	-	-	(466,640)	-
Cash dividends from capital surplus	-	(259,245)	-	-	-	-	-	-	(259,245)	-
Profit for the six-month period ended June 30, 2017	-	-	-	-	132,975	-	-	-	132,975	22,247
Other comprehensive income for the six-month period ended June 30, 2017	-	-	-	-	-	(81,120)	-	(81,120)	(81,120)	(8,258)
Comprehensive income for the six-month period ended June 30, 2017	-	-	-	-	132,975	(81,120)	-	(81,120)	51,855	13,989
Share based payment transactions	(15,440)	(30,880)	-	-	-	-	46,953	46,953	633	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(13,381)
<b>Balance on June 30, 2017</b>	<b>\$ 5,184,053</b>	<b>548,368</b>	<b>882,434</b>	<b>32,745</b>	<b>1,065,321</b>	<b>(113,865)</b>	<b>(40,031)</b>	<b>(153,896)</b>	<b>7,559,025</b>	<b>283,540</b>

**ACBEL POLYTECH INC. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit (loss) before tax	\$ 214,666	383,212
Adjustments for:		
Depreciation expense	229,649	246,278
Amortization expense	7,838	8,747
Bad debt expenses (reversal)	(2,291)	(8,664)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(7,042)	-
Interest expenses	682	70
Interest income	(25,969)	(30,539)
Compensation costs of share-based payment	633	2,075
Share of loss (profit) of associates and joint ventures accounted for using equity method	752	(4)
Loss (gain) on disposal of property, plan and equipment	5,024	92
Others	5,492	5,872
	<u>214,768</u>	<u>223,927</u>
Changes in operating assets and liabilities :		
Decrease (increase) in derivative financial assets for hedging	31,952	15,825
Decrease (increase) in notes receivable	69,272	(12,445)
Decrease (increase) in accounts receivable	656,450	222,294
Decrease (increase) in accounts receivable due from related parties	(9,699)	26,799
Decrease (increase) in other receivables	21,508	16,194
Decrease (increase) in inventories	49,426	278,418
Decrease (increase) in prepayment and other current assets	41,476	(9,663)
Decrease (increase) in other operating assets	1,319	1,308
Increase (decrease) in derivative financial liabilities for hedging	(23,531)	(20,954)
Increase (decrease) in accounts payable (including related parties)	(740,948)	(606,551)
Increase (decrease) in accrued expense and other current liabilities	(45,792)	(58,416)
Increase (decrease) in provisions for employee benefits, non-current	(7,311)	(4,390)
	<u>44,122</u>	<u>(151,581)</u>
	<u>258,890</u>	<u>72,346</u>
Cash flows from (used in) operations	473,556	455,558
Interest received	25,938	31,764
Income taxes refund (paid)	(44,731)	(81,761)
Net Cash flows from (used in) operating activities	<u>454,763</u>	<u>405,561</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from repayments of debt instrument investment without active market	200,000	200,000
Acquisition of available-for-sale financial assets	(295,467)	-
Acquisition of property, plant and equipment	(248,758)	(145,504)
Proceeds from disposal of property, plant and equipment	12,461	5,475
Acquisition of intangible assets	(6,214)	(13,702)
Decrease (increase) in refundable deposits	14,734	(14,845)
Others	607	(1,001)
Net cash flows from (used in) investing activities	<u>(322,637)</u>	<u>30,423</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	201,381	(32,466)
Exercise of employee share options	-	17,569
Interest paid	(575)	(70)
Others	(203)	(848)
Net cash flows from (used in) financing activities	<u>200,603</u>	<u>(15,815)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(51,491)</u>	<u>(53,263)</u>
Net increase (decrease) in cash and cash equivalents	281,238	366,906
Cash and cash equivalents at beginning of period	2,956,456	3,144,484
Cash and cash equivalents at end of period	<u>\$ 3,237,694</u>	<u>3,511,390</u>